



Dave Yost • Auditor of State

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Riverside Local School District
Logan County
2096 County Road 24 South
Degraff, Ohio 43318

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Riverside Local School District, Logan County, (the District), as of and for the fiscal years ended June 30, 2010 and June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Riverside Local School District, Logan County, as of June 30, 2010 and 2009, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Schedule of Federal Awards Receipts and Expenditures provides additional information 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 basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

March 11, 2011

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)**

The management's discussion and analysis of the Riverside Local School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2010 are as follows:

- In total, net assets of governmental activities decreased \$309,944 which represents a 3.04% decrease from 2009.
- General revenues accounted for \$6,288,428 in revenue or 79.27% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, capital grants and contributions accounted for \$1,644,263 or 20.73% of total revenues of \$7,932,691.
- The District had \$8,242,635 in expenses related to governmental activities; \$1,644,263 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$6,288,428 were not adequate to provide for these programs.
- The District's major governmental funds are the General Fund and Debt Service Fund. The General Fund had \$6,325,352 in revenues and \$6,146,950 in expenditures and other financing uses. During fiscal year 2010, the General Fund's fund deficit balance decreased \$178,402 from a deficit balance of \$448,293 to a deficit balance of \$269,891.
- The Debt Service Fund had \$264,213 in revenues and \$242,364 in expenditures. During fiscal year 2010, the Debt Service Fun's balance increased from \$21,849 from \$155,221 to \$177,070.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, the General Fund and Debt Service Fund are by far the most significant funds, and the only governmental funds reported as major funds.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)
(Continued)**

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations. These services are primarily funded by property tax revenues and from intergovernmental revenues, including unrestricted state entitlements, federal and state grants and other shared revenues.

The District's Statement of Net Assets and Statement of Activities can be found on pages 13 and 14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and Debt Service Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)
(Continued)**

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-49 of this report.

The District as a Whole

The statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets at June 30, 2010 and June 30, 2009.

	Net Assets	
	Governmental Activities June 30, 2010	Governmental Activities June 30, 2009
Assets		
Current Assets	\$ 2,879,721	\$ 2,673,155
Capital Assets, Net	11,970,430	12,382,016
Total Assets	14,850,151	15,055,171
Liabilities		
Current Liabilities	2,416,791	2,187,440
Long-Term Liabilities	2,557,627	2,682,054
Total Liabilities	4,974,418	4,869,494
Net Assets		
Invested in Capital Assets, Net of Related Debt	10,186,503	10,429,294
Restricted	676,375	722,394
Unrestricted (deficit)	(987,145)	(966,011)
Total Net Assets	\$9,875,733	\$10,185,677

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$9,875,733.

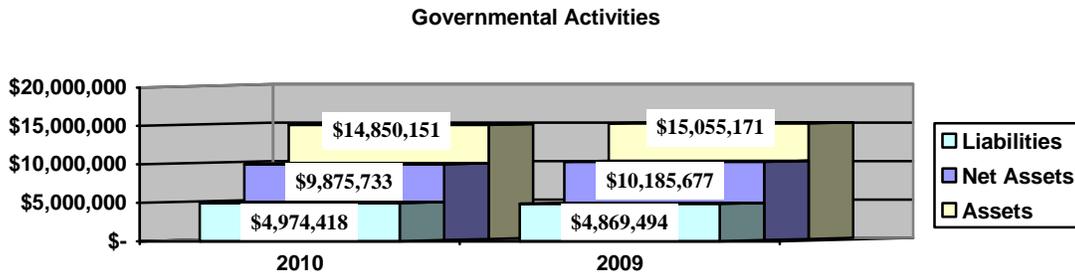
At year-end, capital assets represented 80.61% of total assets. Capital assets include land; land improvements; buildings and improvements; furniture, fixtures, and equipment; vehicles; and textbooks. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$10,186,503. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)
(Continued)**

A portion of the District's net assets, \$676,375, represents resources that are subject to external restriction on how they may be used. The remaining unrestricted net assets balance is a deficit of \$987,145.

The graph below illustrates the District's assets, liabilities and net assets at June 30, 2010 and June 30, 2009:



The table below shows the change in net assets for fiscal years 2010 and 2009.

	Change in Net Assets	
	Governmental Activities 2010	Governmental Activities 2009
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$ 709,335	\$ 889,373
Operating Grants and Contributions	934,928	875,345
Capital Grants and Contributions		5,807
General Revenues:		
Property Taxes	1,469,783	1,474,531
School District Income Tax	671,910	498,774
Grants and Entitlements	4,119,494	4,021,345
Investment Earnings	8,202	27,484
Miscellaneous	19,039	25,920
Total Revenues	7,932,691	7,818,579
Expenses:		
Program Expenses:		
Instruction:		
Regular	3,681,840	4,047,567
Special	1,040,045	713,948
Vocational	128,679	166,880
Support Services:		
Pupil	156,537	209,557
Instructional Staff	329,089	568,287
Board of Education	17,985	18,031
Administration	435,578	569,289
Fiscal	261,263	286,097
Business	15,865	20,669
Operations and Maintenance	851,936	796,276
Pupil Transportation	433,981	414,775
Central	132,144	4,659

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)
(Continued)**

	Change in Net Assets (Continued)	
	Governmental Activities 2010	Governmental Activities 2009
Expenses: (Continued)		
Operation of Non-Instructional Services:		
Food Service Operations	398,801	399,111
Other Non-Instructional Services	2,962	1,350
Extracurricular Activities	234,405	245,732
Interest and Fiscal Charges	121,525	117,182
Total Expenses	8,242,635	8,579,410
Change in Net Assets	(309,944)	(760,831)
Net Assets at Beginning of Year	10,185,677	10,946,508
Net Assets at End of Year	\$9,875,733	\$10,185,677

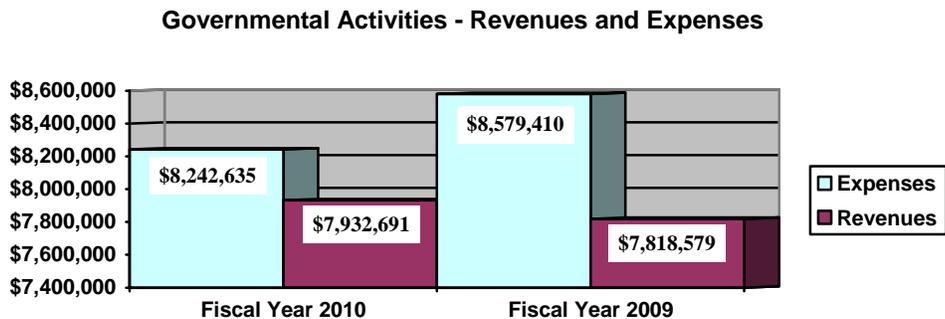
Governmental Activities

Net assets of the District's governmental activities decreased \$309,944. Total governmental expenses of \$8,242,635 were offset by program revenues of \$1,644,263 and general revenues of \$6,288,428. Program revenues supported 19.95% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from taxes, and grants and entitlements. These revenue sources represent 78.93% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$4,850,564 or 58.85% of total governmental expenses for fiscal year 2010.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2010 and 2009.



The Statement of Activities shows the cost of program services and the charges for services and sales and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)
(Continued)**

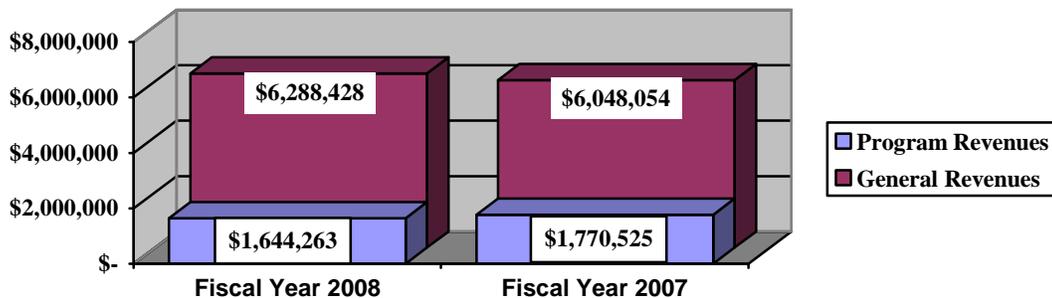
Governmental Activities

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Program Expenses:				
Instruction:				
Regular	\$3,681,840	\$3,089,479	\$4,047,567	\$3,423,869
Special	1,040,045	737,795	713,948	240,074
Vocational	128,679	105,578	166,880	143,951
Support Services:				
Pupil	156,537	154,137	209,557	204,264
Instructional Staff	329,089	167,587	568,287	416,351
Board of Education	17,985	17,985	18,031	18,031
Administration	435,578	435,578	569,289	566,578
Fiscal	261,263	261,241	286,097	286,064
Business	15,865	202	20,669	2,625
Operations and Maintenance	851,936	836,853	796,276	791,909
Pupil Transportation	433,981	326,829	414,775	364,537
Central	132,144	127,144	4,659	2,370
Operation of Non-Instructional Services:				
Food Service Operations	398,801	53,203	399,111	44,769
Other Non-Instructional Services	2,962	(589)	1,350	237
Extracurricular Activities	234,405	163,825	245,732	186,074
Interest and Fiscal Charges	121,525	121,525	117,182	117,182
Total Expenses	\$8,242,635	\$6,598,372	\$8,579,410	\$6,808,885

The dependence upon tax and other general revenues for governmental activities is apparent, 81.08% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 80.5%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2010 and 2009.

Governmental Activities - General and Program Revenues



**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)
(Continued)**

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$216,346, which is lower than last year's total of \$221,143. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and June 30, 2009.

	Fund Balance (Deficit) June 30, 2010	Fund Balance (Deficit) June 30, 2009	Increase/ (Decrease)	Percentage Change
General	(\$269,891)	(\$448,293)	\$178,402	(39.80) %
Debt Service	177,070	155,221	21,849	14.08 %
Other Governmental	309,167	514,215	(205,048)	(39.88) %
Total	\$216,346	\$221,143	(\$4,797)	(2.17) %

General Fund

The District's General Fund, fund balance deficit decreased by \$178,402. The table that follows assists in illustrating the financial activities and fund balance of the General Fund.

	2010 Amount	2009 Amount	Increase/ (Decrease)	Percentage Change
Revenues				
Taxes	\$1,795,161	\$1,618,592	\$176,569	10.91 %
Tuition	381,681	518,499	(136,818)	(26.39) %
Earnings on Investments	8,202	27,484	(19,282)	(70.16) %
Intergovernmental	4,093,475	4,248,493	(155,018)	(3.65) %
Other Revenues	46,833	87,858	(41,025)	(46.69) %
Total	6,325,352	6,500,926	(175,574)	(2.70) %
Expenditures				
Instruction	3,976,029	4,434,936	(458,907)	(10.35) %
Support Services	2,051,801	2,495,141	(443,340)	(17.77) %
Extracurricular Activities	108,823	142,231	(33,408)	(23.49) %
Debt Service	1,733	1,733	1,733	100.00 %
Total	\$6,138,386	\$7,072,308	(\$933,922)	(13.21) %

Overall revenues of the General Fund decreased \$175,574 or 2.7%. The most significant area of change were in the areas of taxes, tuition, and intergovernmental revenue. Tax revenue increased \$176,569 or 10.91% mainly due to increased income tax revenue attributable to fiscal year 2010. Tuition revenue decreased \$136,818 or 26.39% mainly due to a decrease in significant decrease in open enrollment receipts during fiscal year 2010. Intergovernmental revenue decrease \$155,018 or 3.65% primarily because of a decrease in foundation revenue, which is now attributable to the education stabilization fund, an non-major governmental fund.

Overall expenditures of the General Fund decreased \$933,922 or 13.21%. The most significant areas of decrease were in instruction and support service expenditures. These decreases are a result of salary cuts made by the District, which finally took full effect during fiscal year 2010.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)
(Continued)**

Debt Service Fund

The Debt Service Fund had \$264,213 in revenues and \$242,364 in expenditures. During fiscal year 2010, the Debt Service Fund's fund balance increased \$21,849 from \$155,221 to \$177,070.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2010, the District amended its General Fund budget several times. For the General Fund, original budgeted revenues and other financing sources were \$6,091,455 and final budgeted revenues and other financing sources were \$6,360,756. Actual revenues and other financing sources for fiscal year 2010 were \$6,361,252.

General Fund original appropriations totaled \$6,264,564 and final appropriations and other financing uses totaled \$6,465,845. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$6,375,339, which is lower than the final budgeted amounts by \$90,506.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the District had \$11,970,430 invested in land; land improvements; buildings and improvements; furniture, fixtures, and equipment; vehicles; and textbooks. This entire amount is reported in governmental activities.

The following table shows June 30, 2010 balances compared to June 30, 2009:

Capital Assets at June 30 (Net of Depreciation)		
	Governmental Activities	
	June 30, 2010	June 30, 2009
Land	\$ 11,423	\$ 11,423
Land Improvements	738,083	816,264
Building and Improvements	10,740,597	10,931,072
Furniture, Fixtures, and Equipment	350,714	526,063
Vehicles	129,613	97,194
Total	\$11,970,430	\$12,382,016

The overall decrease in capital assets of \$411,586 is due to depreciation of \$376,483 exceeding capital outlays of \$80,110 and disposal (net of accumulated depreciation) of \$115,213.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(UNAUDITED)
(Continued)**

Debt Administration

At June 30, 2010, the District had \$1,957,572 in general obligation bonds outstanding for building improvements. Of this total, \$175,000 is due within one year and \$1,782,572 is due within greater than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Fiscal year End		
	Governmental Activities 2010	Governmental Activities 2009
General Obligation Bonds	<u>\$1,957,572</u>	<u>\$2,072,889</u>
Total	<u>\$1,957,572</u>	<u>\$2,072,889</u>

At June 30, 2010, the District's overall legal debt margin was 3,711,628, and an unvoted debt margin of \$58,571.

See Note 10 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District is declining in the state of a declining economy and uncertainty in State funding. DeGraff and Quincy are small rural communities in West Central Ohio. They have a number of small and medium businesses with agriculture having a contributing influence on the economy.

Approximately 28.38% of the District's General Fund revenue source is from local property and income taxes, approximately 64.72% is from intergovernmental funding and the remainder is from other sources. The Total expenditure per pupil for fiscal year 2010 was calculated at \$9,256.

Future finances are not without challenges, as the District's community changes and State funding is revised. Some of these challenges are in the future of state funding for schools in light of the DeRolph court case, the long term effects of public utility deregulation, the reduction of personal property for business inventory, and the proposed changes in the state biennial budget and stimulus funding. Future revenues created from property and income values are also in question based on the state of the economy.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Mr. Paul Carpenter, Treasurer, Riverside Local School District, 2096 CR 24 S, DeGraff, Ohio 43318.

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**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$839,719
Receivables:	
Taxes	1,908,369
Accounts	564
Intergovernmental	66,203
Accrued Interest	565
External Party Receivable	10,000
Materials and Supplies Inventory	7,190
Unamortized Bond Issue Costs	47,111
Capital Assets:	
Land	11,423
Depreciable Capital Assets, Net	11,959,007
Capital Assets, Net	<u>11,970,430</u>
Total Assets	<u>14,850,151</u>
 Liabilities:	
Accounts Payable	33,291
Accrued Wages and Benefits	611,195
Pension Obligation Payable	168,383
Intergovernmental Payable	29,416
Unearned Revenue	1,368,535
Accrued Interest Payable	5,971
Note Payable	200,000
Long-Term Liabilities:	
Due Within One Year	189,813
Due in More Than One Year	2,367,814
Total Liabilities	<u>4,974,418</u>
 Net Assets:	
Invested in Capital Assets, Net of Related Debt	10,186,503
Restricted for:	
Capital Projects	171,615
Debt Service	198,315
Classroom Facilities Maintenance	151,312
State Funded Programs	1,782
Federally Funded Programs	31,312
Public School Support	7,990
District Managed Student Activities	26,046
Other Purposes	88,003
Unrestricted	(987,145)
Total Net Assets	<u><u>\$9,875,733</u></u>

See accompanying notes to the basic financial statements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities:				
Instruction:				
Regular	\$3,681,840	\$408,930	\$183,431	(\$3,089,479)
Special	1,040,045		302,250	(737,795)
Vocational	128,679		23,101	(105,578)
Support Services:				
Pupil	156,537	824	1,576	(154,137)
Instructional Staff	329,089	234	161,268	(167,587)
Board of Education	17,985			(17,985)
Administration	435,578			(435,578)
Fiscal	261,263		22	(261,241)
Business	15,865	11,690	3,973	(202)
Operations and Maintenance	851,936	250	14,833	(836,853)
Pupil Transportation	433,981	34,851	72,301	(326,829)
Central	132,144		5,000	(127,144)
Operation of Non-Instructional Services:				
Food Service Operations	398,801	181,995	163,603	(53,203)
Other Non-Instructional Services	2,962	191	3,360	589
Extracurricular Activities	234,405	70,370	210	(163,825)
Interest and Fiscal Charges	121,525			(121,525)
Total Governmental Activities	\$8,242,635	\$709,335	\$934,928	(6,598,372)
 General Revenues:				
Property Taxes Levied for:				
General Purposes				1,141,084
Debt Service				233,577
Capital Projects				75,137
Special Revenue				19,985
School District Income Tax				671,910
Grants and Entitlements not Restricted to Specific Programs				4,119,494
Investment Earnings				8,202
Miscellaneous				19,039
				<u>6,288,428</u>
Total General Revenues				<u>6,288,428</u>
Change in Net Assets				(309,944)
Net Assets at Beginning of Year				<u>10,185,677</u>
Net Assets at End of Year				<u>\$9,875,733</u>

See accompanying notes to the basic financial statements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$198,110	\$150,048	\$474,450	\$822,608
Receivables:				
Taxes	1,561,114	246,776	100,479	1,908,369
Accounts	564			564
Intergovernmental			66,203	66,203
Interfund Loans	4,747			4,747
Accrued Interest	565			565
External Party Receivable	10,000			10,000
Materials and Supplies Inventory			7,190	7,190
Restricted assets:				
Equity in Pooled Cash and Cash Equivalents	17,111			17,111
Total Assets	<u>1,792,211</u>	<u>396,824</u>	<u>648,322</u>	<u>2,837,357</u>
Liabilities:				
Accounts Payable	20,813		12,478	33,291
Accrued Wages and Benefits	529,634		81,561	611,195
Pension Obligation Payable	138,508		29,875	168,383
Intergovernmental Payable	26,491		2,925	29,416
Interfund Loan Payable			4,747	4,747
Deferred Revenue	135,884	26,572	42,344	204,800
Unearned Revenue	1,010,128	193,182	165,225	1,368,535
Accrued Interest Payable	644			644
Note Payable	200,000			200,000
Total Liabilities	<u>2,062,102</u>	<u>219,754</u>	<u>339,155</u>	<u>2,621,011</u>
Fund Balances:				
Reserved for Encumbrances	28,129		46,811	74,940
Reserved for Materials and Supplies Inventory			7,190	7,190
Reserved for Debt Service		150,048		150,048
Reserved for Tax Revenue Unavailable for Appropriation	115,945	27,022	7,881	150,848
Reserved for school bus purchases	17,111			17,111
Unreserved, Undesignated, Reported in:				
General Fund	(431,076)			(431,076)
Special Revenue Funds			92,081	92,081
Capital Projects Funds			155,204	155,204
Total Fund Balances	<u>(269,891)</u>	<u>177,070</u>	<u>309,167</u>	<u>216,346</u>
Total Liabilities and Fund Balances	<u>\$1,792,211</u>	<u>\$396,824</u>	<u>\$648,322</u>	<u>\$2,837,357</u>

See accompanying notes to the basic financial statements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010**

Total Governmental Fund Balances		\$216,346
Amounts reported for governmental activities on the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		11,970,430
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes Receivable	\$173,275	
Intergovernmental Receivable	31,525	
Total	204,800	204,800
Unamortized deferred charges are not recognized in the funds.		138,527
Unamortized premiums on bond issuance is not recognized in the funds.		(185,637)
Unamortized bond issuance costs are not recognized in the funds.		47,111
Accrued interest payable on long-term liabilities is not due and payable and payable in the current period and therefore are not reported in the funds.		(5,327)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences Payable	(552,945)	
General Obligation Bonds Payable	(1,957,572)	
Total	(2,510,517)	(2,510,517)
Net Assets of Governmental Activities		\$9,875,733

See accompanying notes to the basic financial statements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From Local Sources:				
Taxes	\$1,795,161	\$230,270	\$93,789	\$2,119,220
Tuition	381,681			381,681
Transportation Fees	20,427			20,427
Charges for Services			181,995	181,995
Earnings on Investments	8,202		2,475	10,677
Extracurricular			83,962	83,962
Classroom Materials and Fees	7,117		18,830	25,947
Rental Income	250			250
Contributions and Donations			14,093	14,093
Other Local Revenues	19,039		15,073	34,112
Other Revenue				
Intergovernmental - Intermediate			450	450
Intergovernmental - State	4,093,475	33,943	53,650	4,181,068
Intergovernmental - Federal			855,614	855,614
Total Revenue	<u>6,325,352</u>	<u>264,213</u>	<u>1,319,931</u>	<u>7,909,496</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,216,927		250,690	3,467,617
Special	648,535		380,357	1,028,892
Vocational	110,567			110,567
Support Services:				
Pupil	154,709		2,181	156,890
Instructional Staff	51,549		248,592	300,141
Board of Education	17,985			17,985
Administration	418,549			418,549
Fiscal	245,271	6,638	2,726	254,635
Business			15,865	15,865
Operations and Maintenance	681,090		115,857	796,947
Pupil Transportation	374,289		87,427	461,716
Central	108,362		7,257	115,619
Operation of Non-Instructional Services:				
Food Service Operations			338,089	338,089
Other Non-Instructional Services			2,962	2,962
Extracurricular Activities	108,823		69,256	178,079
Facilities Acquisition and Construction			12,281	12,281
Debt Service:				
Principal Retirement		165,000		165,000
Interest and Fiscal Charges	1,733	70,726		72,459
Total Expenditures .	<u>6,138,389</u>	<u>242,364</u>	<u>1,533,540</u>	<u>7,914,293</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>186,963</u>	<u>21,849</u>	<u>(213,609)</u>	<u>(4,797)</u>
Other Financing Sources (Uses):				
Transfers In			8,561	8,561
Transfers Out	(8,561)			(8,561)
Total Other Financing Sources (Uses)	<u>(8,561)</u>		<u>8,561</u>	
Net Change in Fund Balances	178,402	21,849	(205,048)	(4,797)
Fund Balances at Beginning of Year	(448,293)	155,221	514,215	221,143
Fund Balances at End of Year	<u>(\$269,891)</u>	<u>\$177,070</u>	<u>\$309,167</u>	<u>\$216,346</u>

See accompanying notes to the basic financial statements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Net Change in Fund Balances - Total Governmental Funds (\$4,797)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period. (296,373)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets. (115,213)

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

Taxes	\$22,473	
Intergovernmental Revenue	722	
Total	23,195	23,195

Premiums on refunding bonds are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities. 14,951

Bond issuance costs on refunding bonds are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities. (3,794)

Deferred charges on refundings are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities. (11,156)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 165,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. The following items resulted in additional interest being reported on the statement of activities.

Decrease in accrued interest payable	616	
Accreted Interest on Capital Appreciation Bonds	(49,683)	
Total	(49,067)	(49,067)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (32,690)

Change in Net Assets of Governmental Activities (\$309,944)

See accompanying notes to the basic financial statements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
From Local Sources:				
Taxes	\$1,481,628	\$1,606,893	\$1,598,303	(8,590)
Tuition	448,105	374,829	381,681	6,852
Transportation Fees		20,124	20,427	303
Earnings on Investments	32,427	8,269	8,421	152
Classroom Materials and Fees	2,677	6,152	6,671	519
Rental Income	161	157	250	93
Contract Services		7,397	7,352	(45)
Other Local Revenues	1,978	18,522	19,039	517
Intergovernmental - State	4,107,420	4,094,417	4,096,457	2,040
Total Revenue	6,074,396	6,136,760	6,138,601	1,841
Expenditures:				
Current:				
Instruction:				
Regular	3,152,554	3,394,366	3,373,526	\$20,840
Special	654,326	681,735	650,962	30,773
Vocational	115,811	117,166	116,042	1,124
Support Services:				
Pupil	172,922	173,088	171,543	1,545
Instructional Staff	244,331	114,054	113,073	981
Board of Education	17,869	18,818	18,088	730
Administration	476,961	411,616	407,256	4,360
Fiscal	261,788	252,387	244,689	7,698
Operations and Maintenance	644,993	686,137	674,851	11,286
Pupil Transportation	320,806	395,345	386,318	9,027
Central	69,433	96,977	95,997	980
Extracurricular Activities	132,770	110,648	109,636	1,012
Total Expenditures	6,264,564	6,452,337	6,361,981	\$90,356
Excess of Revenues Over (Under)	(190,168)	(315,577)	(223,380)	92,197
Other Financing Sources (Uses):				
Refund of Prior Year Expenditure	1,127	272	273	1
Transfers In (Out)		(8,561)	(8,561)	
Advances In	15,932	22,513	22,378	(135)
Advances Out		(4,747)	(4,747)	
Sale of Notes		201,211	200,000	(1,211)
Miscellaneous Use of Funds		(200)	(50)	150
Total Other Financing Sources (Uses)	17,059	210,488	209,293	(1,195)
Net Change in Fund Balance	(173,109)	(105,089)	(14,087)	91,002
Fund Balance at Beginning of Year	74,663	74,663	74,663	
Prior Year Encumbrances Appropriated	123,466	123,466	123,466	
Fund Balance at End of Year	\$25,020	\$93,040	\$184,042	\$91,002

See accompanying notes to the basic financial statements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010**

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$24,030	\$116,079
Receivables:		
Accrued Interest	3	
Total Assets	24,033	116,079
Liabilities:		
External Party Payable		10,000
Due to Students		106,079
Total Liabilities		\$116,079
Net Assets:		
Held in Trust for Scholarships	24,033	
Total Net Assets	\$24,033	

See accompanying notes to the basic financial statements.

RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Private-Purpose Trust</u>
	<u>Scholarship</u>
Additions:	
Interest	\$470
Total Additions	470
Deductions:	
Scholarships Awarded	\$1,000
Change in Net Assets	(530)
Net Assets at Beginning of Year	24,563
Net Assets at End of Year	<u>\$24,033</u>

See accompanying notes to the basic financial statements.

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**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

1. DESCRIPTION OF THE SCHOOL DISTRICT

The Riverside Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and the privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's 7 instructional/support facilities staffed by 33 non-certified and 58 certified full-time teaching personnel who provide services to 746 students and other community members. The District ranks 550 among 905 public and community school districts in the State of Ohio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units." The reporting entity is composed of the primary government, component units and other organization that are included to ensure that the basic 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 District, this includes general operations, foods 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 organization's 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 organization's resources; (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Based upon the application of this criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

The following organizations are described due to their relationship to the District:

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Group Purchasing Pools

Workers' Compensation Group Rating Program

The District participates in a Workers' Compensation Group Rating Program (GRP) administered by Sheakley Uniservice, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

Logan County Schools Benefit Plan Association

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

Ohio School Plan

The Ohio School Plan (the Plan) is a shared liability, property and fleet insurance risk pool which is governed by a board of thirteen school superintendents, business managers and treasurers. Harcum-Schuett, the insurance agency, has one board seat. OSBA, BASA and OASBO executive directors serve as ex-officio members. 450 educational entities are served by the Plan. The Plan's board elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the plan. All Plan revenues are generated from charges for services. For more information, write to the Ohio School Plan, Harcum-Schuett Insurance Agency, Inc., 246 Sycamore Street, Columbus, Ohio 43206.

2. Jointly Governed Organizations

Western Ohio Computer Organization

The District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is an association of public Districts within the boundaries of Hardin, Auglaize, Logan, Shelby, Miami and Champaign Counties.

The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member District. This organization is governed by a Board of Directors consisting of 14 members: the superintendent of the fiscal agent Shelby County Educational Service Center, two superintendents from each county that is represented, one Treasurer representative from the school districts, student services representative from the school districts and a non-voting independent district representative. The degree of control exercised by any participating school district is limited to its representation on the board. Financial information can be obtained from Donn Walls, who serves as Director, at 129 East Court Street, Sidney, Ohio 45365.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ohio Hi-Point Joint Vocational School District

The Ohio Hi-Point Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio that provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each participating school districts' elected boards. The degree of control exercised by the District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Ohio Hi-Point Joint Vocational School District, R. Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311.

Logan County Education Foundation

The Logan County Education Foundation (the Foundation) was established to secure and distribute contributions from individuals, corporations and foundations for the benefit of students within the county. The Foundation promotes, sponsors and encourages the pursuit of excellence in education for students. The Foundation is managed by a six member Board of Trustees. These trustees are nominated by their local school boards including Bellefontaine City School District, Benjamin Logan Local School District, Indian Lake Local School District and Riverside Local School District. The Executive Board is comprised of the Logan County Educational Service Center Superintendent representing the city school district. Financial information can be obtained by contacting Eric Adelsberger, who serves as Financial Advisor, 2626 County Road 18, Bellefontaine, Ohio 43311.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have proprietary funds.

1. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the District's major governmental funds:

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

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond and note principal, interest and related costs.

Other governmental funds of the District are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) food service operations; and (c) for grants and other resources whose use is restricted to a particular purpose.

2. Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Basis of Presentation and Measurement Focus

1. Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

2. Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

1. Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, interest, tuition, grants, and student fees.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Unearned Revenue and Deferred Revenue

Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2010 are recorded as deferred revenue on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

3. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by the Board of Education. Budgetary allocations at the function and object level in all funds are made by the Treasurer.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the original and final budgeted amounts represent the original and final appropriation amounts passed by the Board during the fiscal year.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2010, investments were limited to certificates of deposit.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the General Fund. Interest revenue credited to the General Fund during fiscal year 2010 amounted to \$8,202, which includes \$6,013 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year-end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$1,200 to \$2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All reported capital assets except land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	15 - 30 years
Buildings and improvements	30 - 50 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	5 - 15 years
Textbooks	10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column on the statement of net assets. Loans to student activities (Agency Funds) are classified as "External Party Receivables/Payables".

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2010, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees at least 50 years of age with 10 years of service or any age with at least 15 years of service, were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2010 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absence payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

L. Unamortized Issuance Cost/Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10. A.

M. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, debt service and property tax revenue unavailable for appropriation. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for the food service and special trust funds (both non-major governmental funds). The amount also includes an amount restricted by State statute for school bus purchases

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set-aside to create a reserve for school bus purchases. See Note 18 for details.

P. Estimates

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

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

3. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE (Continued)

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to re-measure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2010 included the following individual fund deficits:

	<u>Deficit</u>
General Fund	\$269,891
Non-major governmental funds:	
Uniform School Supplies	44
IDEA, Part B	99,974
Education stabilization	19,519
Title I	672

The General Fund complied with State law, which does not permit a cash basis deficit at fiscal year end. The deficit balance in the general fund will be eliminated by resources not recognized or recorded at fiscal year end.

The General Fund is liable for any deficits in the non-major governmental funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances for the non-major governmental funds resulted from adjustments for accrued liabilities.

4. DEPOSITS AND INVESTMENTS

State statutes 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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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 and interest by the United States;
2. Bonds, notes, debentures, or any 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 market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above 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 the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the District 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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

A. Cash on Hand

At year-end, the District had \$150 in un-deposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments."

B. Deposits with Financial Institutions

At June 30, 2010, the carrying amount of all District deposits was \$979,678. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010 \$717,391 of the District's bank balance of \$996,919 was exposed to custodial risk as discussed below, while \$279,528 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2010:

Cash and investments per note	
Carrying amount of deposits	\$979,678
Cash on hand	150
Total	\$979,828
Cash and investments per statement of net assets	
Governmental activities	\$839,719
Private-purpose trust funds	24,030
Agency funds	116,079
Total	\$979,828

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

5. INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2010 as reported on the fund statements consist of the following individual interfund loan receivable and payable:

Receivable fund	Payable fund	Amount
General	Non-major governmental funds	\$4,747

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2010 are reported on the statement of net assets.

- B. Loans between governmental funds and agency funds are reported as "External Party Receivable/Payable" on the financial statements. The District had the following loans outstanding at June 30, 2010:

Receivable fund	Payable fund	Amount
General	Agency	\$10,000

This loan is expected to be repaid in the subsequent year as resources become available in the agency fund.

- C. Interfund transfers for the year ended June 30, 2010, consisted of the following, as reported on the fund financial statements:

Transfers to non-major governmental funds from:	
General fund	\$8,561

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and (2) to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported on the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

6. PROPERTY TAXES

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

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

6. PROPERTY TAXES (Continued)

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2010 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property) represents the collection of 2010 taxes. Tangible personal property taxes received in calendar year 2010 were levied after April 1, 2010, on the value as of December 31, 2009. Tangible personal property tax is being phased out. For 2009, tangible personal property is assessed at 12.5% for property including inventory. This percentage was reduced to 6.25% for 2010, and will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2010-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Logan and Shelby Counties. The respective County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date tax bills are sent. The amount available as an advance at June 30, 2010 was \$115,945 in the General Fund, \$27,022 in the Debt Service Fund (a non-major governmental fund) and \$7,881 in the Permanent Improvement Fund (a non-major governmental fund). This amount has been recorded as revenue. The amount available as an advance at June 30, 2009 was \$67,857 in the General Fund \$15,867 in the Debt Service Fund (a non-major governmental fund) and \$4,590 in the Permanent Improvement Fund (a non-major governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

6. PROPERTY TAXES (Continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$56,620,280	95.65	\$56,882,550	96.88
Public utility personal	2,039,760	3.45	1,688,280	2.88
Tangible personal property	530,790	0.90	138,900	0.24
Total	\$59,190,830	100.00	\$58,709,730	100.00
Tax rate per \$1,000 of assessed valuation	\$52.30		\$52.30	

7. SCHOOL DISTRICT INCOME TAX

The District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2000 for 5 years and was renewed on March 2, 2004, with a period starting January 1, 2005 lasting 5 years and will continue for 5 years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund during fiscal year 2010 amounted to \$671,910.

8. RECEIVABLES

Receivables at June 30, 2010 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the items of receivables reported on the statement of net assets follows:

Governmental Activities:	
Taxes	\$1,908,369
Accounts	564
Intergovernmental	66,203
Accrued interest	565
Total	<u>\$1,975,701</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

9. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 11,423			\$ 11,423
Total Capital Assets, not being depreciated	<u>11,423</u>			<u>11,423</u>
Capital Assets, being depreciated:				
Land Improvements	1,363,669		(\$ 22,476)	1,341,193
Buildings and Improvements	14,128,986	\$ 6,610	(16,634)	14,118,962
Furniture, Fixtures and Equipment	2,008,579		(267,299)	1,741,280
Vehicles	590,918	73,500	(54,866)	609,552
Textbooks	632,952			632,952
Total Capital Assets, being depreciated	<u>18,725,104</u>	<u>80,110</u>	<u>(361,275)</u>	<u>18,443,939</u>
Less: Accumulated Depreciation				
Land Improvements	(547,405)	(66,303)	10,598	(603,110)
Buildings and Improvements	(3,197,914)	(183,059)	2,608	(3,378,365)
Furniture, Fixtures and Equipment	(1,482,516)	(86,040)	177,990	(1,390,566)
Vehicles	(493,724)	(41,081)	54,866	(479,939)
Textbooks	(632,952)			(632,952)
Total Accumulated Depreciation	<u>(6,354,511)</u>	<u>(376,483)</u>	<u>246,062</u>	<u>(6,484,932)</u>
Governmental Activities Capital Assets, net	<u>\$12,382,016</u>	<u>(\$296,373)</u>	<u>(\$115,213)</u>	<u>\$11,970,430</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$153,248
Special	3,856
Vocational	10,952
Support Services:	
Instructional Staff	23,034
Administration	13,543
Fiscal	2,216
Operations and Maintenance	34,076
Pupil Transportation	43,659
Extracurricular	55,879
Food Service Operations	<u>36,020</u>
Total Depreciation Expense	<u>\$376,483</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

10. LONG-TERM OBLIGATIONS

A. During fiscal year 2010, the following changes occurred in governmental activities long-term obligations:

	Balance			Balance	Amounts
	June 30, 2009	Additions	Reductions	June 30, 2010	Due in
					One Year
G.O. Bonds- Series 2001	\$ 471,743	\$26,091	(\$130,000)	\$ 367,834	\$140,000
G.O. Refunding Bonds - Series 2008	1,601,146	23,592	(35,000)	1,589,738	35,000
Compensated Absences	558,260	43,547	(48,862)	552,945	14,813
Total	\$2,631,149	\$93,230	(\$213,862)	2,510,517	\$189,813
Less: Deferred Charge on Refunding				(138,527)	
Add: Unamortized Premium				185,637	
Total on Statement of Net Assets				\$2,557,627	

Compensated Absences

Compensated absences have been accrued for vacation and severance liabilities. The amounts will be paid from the funds which employees' salaries are paid, which primarily are the General Fund and Food Service Fund (a non-major governmental fund).

School Facilities Construction and Improvement General Obligation Bonds

On May 4, 2001, the District issued \$2,881,817 in voted general obligation bonds for the purpose of constructing, renovation and improving existing school facilities and related site development. The bond issue included serial, term and capital appreciation bonds with par values of \$1,130,000, \$1,685,000, and \$66,817, respectively. The bonds will be retired with a voted property tax levy from the debt service fund. The interest rates on the serial and term bonds are 4.6% to 5.75% and 12.55% for the capital appreciation bonds. During fiscal year 2006, \$1,685,000 of the serial bonds were refunded.

The capital appreciation bonds will mature during fiscal years 2012 and 2013. The accreted value at maturity for the capital appreciation bonds is \$290,000. Total accreted interest of \$161,017 has been included in the statement of net assets at June 30, 2010. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund (a non-major governmental fund).

Interest on the remaining Serial bonds is payable on June 1 and December 1 of each year, beginning December 1, 2001 until maturity or earlier redemption. The capital appreciation bonds will accrue interest, compounded semiannually on June 1 and December 1, from the date of their issuance, but the interest will be payable only at maturity.

The following is a schedule of activity for fiscal year 2010 on the 2001 series general obligation bonds:

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

10. LONG-TERM OBLIGATIONS (Continued)

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>
Current Interest Bonds – 2001 Series	\$270,000		(\$130,000)	\$140,000
Capital Appreciation Bonds - 2001 Series	66,817			66,817
Capital Appreciation Bonds – Accreted Interest	134,926	\$26,091		161,017
Total	<u>\$471,743</u>	<u>\$26,091</u>	<u>(\$130,000)</u>	<u>\$367,834</u>

The following is a summary of the future debt service requirements to maturity for the 2001 series general obligation bonds:

<u>Fiscal Year Ending June 30,</u>	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$140,000	\$7,140	\$147,140			
2012				\$35,439	\$109,561	\$145,000
2013				31,378	113,622	145,000
Total	<u>\$140,000</u>	<u>\$7,140</u>	<u>\$147,140</u>	<u>\$66,817</u>	<u>\$223,183</u>	<u>\$290,000</u>

On September 14, 2005, the District issued general obligation bonds (Series 2006A Refunding Bonds) to advance refund the callable portion of the Series 2001 current interest general obligation bonds (principal \$1,685,000). The issuance proceeds of \$1,685,000 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The refunding issue is comprised of both current interest bonds, par value \$1,675,000, and capital appreciation bonds, par value \$10,000. The capital appreciation bonds mature December 1, 2010 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$355,000. Total accreted interest of \$59,738 has been included in the statement of activities. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund (a non-major governmental fund).

The reacquisition price exceeded the net carrying amount of the old debt by \$191,520. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

The following is a schedule of activity for fiscal year 2010 on the 2006 refunding bonds:

	<u>Balance 6/30/2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2010</u>
Current Interest Bonds – 2006 Series	\$1,555,000		(\$35,000)	\$1,520,000
Capital Appreciation Bonds – 2006 Series	10,000			10,000
Capital Appreciation Bonds – Accreted Interest	36,146	\$23,592		59,738
Total	<u>\$1,601,146</u>	<u>\$23,592</u>	<u>(\$35,000)</u>	<u>\$1,589,738</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

10. LONG-TERM OBLIGATIONS (Continued)

The following is a summary of the future debt service requirements to maturity for the 2006 series refunding bonds:

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 35,000	\$ 59,717	\$ 94,717			
2012	35,000	58,510	93,510			
2013	35,000	57,285	92,285			
2014		56,025	56,025			
2015		56,025	56,025	\$ 5,000	\$170,000	\$175,000
2016 – 2020	950,000	214,750	1,164,750	5,000	175,000	180,000
2021 – 2023	465,000	44,390	509,390			
Total	\$1,520,000	\$546,702	\$2,066,702	\$10,000	\$345,000	\$355,000

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2008. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2010, are a voted debt margin of \$3,490,873 (including available funds of \$177,070) and an unvoted debt margin of \$58,571.

11. NOTES PAYABLE

The District issued income tax anticipation notes on April 12, 2010 in the amount of \$200,000. These notes were issued in anticipation of future income tax revenue and the proceeds are used for general operations of the District. As such, the income tax anticipation notes are reported as a liability of the general fund, the fund which received the proceeds.

The income tax anticipation notes mature on December 1, 2012 and bear an interest of 4.00%. These notes are backed by the full faith and credit of the District.

The following is a schedule of activity for fiscal year 2010 on the income tax anticipation notes:

	Balance Outstanding 6/30/2009	Additions	Reductions	Balance Outstanding 6/30/2010	Amounts Due in One Year
Income tax anticipation notes – 4.00%		\$200,000		\$200,000	\$66,666

The following is a summary of the future debt service requirements to maturity for the income tax anticipation notes:

**RIVERSIDE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

11. NOTES PAYABLE (Continued)

Fiscal Year Ending June 30,	Income Tax Anticipation Notes		
	Principal	Interest	Total
2011	\$ 66,666	\$ 6,667	\$ 73,333
2012	66,667	4,000	70,667
2013	66,667	1,333	68,000
Total	<u>\$200,000</u>	<u>\$12,000</u>	<u>\$212,000</u>

12. COMPENSATED ABSENCES

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 274 days for all personnel. Upon retirement, payment is made for 25 percent of accrued, but unused sick leave credit to a maximum of 68.5 days for all employees.

13. RISK MANAGEMENT

A. Property and Liability

During fiscal year 2010, the District participated in the Ohio School Plan (OSP), a public entity insurance purchasing pool (see Note 2.A.). The District entered into an agreement with the OSP and its premium is based on types of coverage, limits of coverage and deductibles that it selects. The OSP is administered by Hylant Administrative Services, LLC.

The District is subject 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 maintains comprehensive commercial insurance coverage for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured.

The District's comprehensive commercial insurance coverage for real property and building contents has a liability limit of \$25,353,902. The policy includes a \$1,000 deductible for commercial property coverage.

The District's fleet insurance has a liability limit of \$1,000,000, \$5,000 for medical payments, \$1,000,000 for uninsured motorists. The policy includes a \$1,000 deductible for school buses and \$500 deductible for all other vehicles.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

B. Employee Benefits

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

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

13. RISK MANAGEMENT (Continued)

C. Workers' Compensation

For fiscal year 2010, the District participated in the Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. 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 Districts is calculated as one experience and a common premium rate is applied to all school Districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria. Sheakley Uniservice, Inc. provides administrative, cost control and actuarial services to the GRP.

14. PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$105,181, \$74,216 and \$76,502, respectively; 36.36 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

14. PENSION PLANS (Continued)

STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries.

STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$396,624, \$440,575 and \$469,431, respectively; 83.70 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$592 made by the District and \$423 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

15. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B Premiums may apply for and receive a monthly reimbursement for SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

Active employee members do not contribute to the postemployment benefit plans. The Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2010, 2009 and 2008 were \$21,398, \$47,843 and \$34,910, respectively; 36.36 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$6,255, \$6,123 and \$5,512, respectively; 36.36 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

15. POST-EMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the Plan) administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$30,510, \$33,890 and \$36,110, respectively; 83.70 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

16. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the General Fund is presented on the budgetary basis provides a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the General Fund is as follows:

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

16. BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Change in Fund Balance	General fund
Budget basis	(\$14,087)
Net adjustment for revenue accruals	186,751
Net adjustment for expenditure accruals	192,413
Net adjustment for other financing sources/uses	(217,854)
Adjustment for encumbrances	31,179
GAAP basis	\$178,402

17. CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

18. STATUTORY RESERVES

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2010, the reserve activity was as follows:

	Materials/ Textbooks	Capital Acquisition
Set-aside balance as of June 30, 2009	(\$284,019)	(\$231,614)
Current year set-aside requirement	130,820	130,820
Current year offsets		(235,691)
Qualifying disbursements	(26,370)	
Total	(179,569)	(336,485)
Balance carried forward to FY 2009	(\$179,569)	(\$231,614)

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

18. STATUTORY RESERVES (Continued)

The District had qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbooks/instructional materials reserve. These extra amounts may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to the next fiscal year. The capital acquisition reserve had debt related offsets that may be carried forward to future years. Excess qualifying disbursements may not be carried forward.

A schedule of the governmental fund restricted assets at June 30, 2010 follows:

Amount restricted for school bus purchases	<u>\$17,111</u>
Total restricted for school bus purchases	<u>\$17,111</u>

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**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

The management's discussion and analysis of the Riverside Local School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- In total, net assets of governmental activities decreased \$760,831 which represents an 6.95% decrease from 2008.
- General revenues accounted for \$6,048,054 in revenue or 77.35% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$1,770,525 or 22.65% of total revenues of \$7,818,579.
- The District had \$8,579,410 in expenses related to governmental activities; \$1,770,525 of these expenses was offset by program specific charges for services and sales, operating grants and contributions, or capital grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$6,048,054 were not adequate to provide for these programs.
- The District's major governmental funds are the General Fund and the Debt Service Fund. The General Fund had \$6,500,926 in revenues and \$7,072,308 in expenditures. During fiscal year 2009, the General Fund's fund balance decreased \$571,382 from a fund balance of \$123,089 to a deficit of \$448,293.
- The debt service fund had \$258,696 in revenues and \$239,124 in expenditures. During fiscal year 2009, the debt service fund's fund balance increased \$19,572 from \$135,649 to \$155,221.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, the General Fund and Debt Service Fund are by far the most significant funds, and the only governmental funds reported as a major fund.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies.

This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations. These services are primarily funded by property tax revenues and from intergovernmental revenues, including unrestricted state entitlements, federal and state grants and other shared revenues.

The District's statement of net assets and statement of activities can be found on pages 61-62 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 57. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and Debt Service Fund.

Governmental Funds

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 63-67 of this report.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 66 and 67. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 71-95 of this report.

The District as a Whole

The statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2009 and 2008.

	Net Assets	
	Governmental Activities 2009	Governmental Activities 2008
Assets		
Current Assets	\$ 2,673,155	\$ 3,448,117
Capital Assets	12,382,016	12,939,774
Total Assets	15,055,171	16,387,891
Liabilities		
Current Liabilities	2,187,440	2,656,845
Long-Term Liabilities	2,682,054	2,784,538
Total Liabilities	4,869,494	5,441,383
Net Assets		
Invested in Capital Assets, net of Related Debt	10,429,294	10,882,957
Restricted	722,394	420,922
Unrestricted	(966,011)	(357,371)
Total Net Assets	\$10,185,677	\$10,946,508

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$10,185,677.

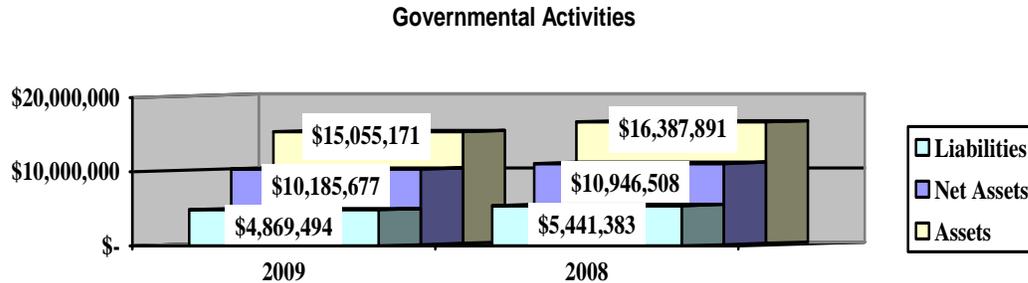
At year-end, capital assets represented 82.24% of total assets. Capital assets include land; land improvements; buildings and improvements; furniture, fixtures, and equipment; vehicles; and textbooks. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$10,429,294. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

A portion of the District's net assets, \$722,394, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets balance is a deficit of \$966,011.

The graph below illustrates the District's assets, liabilities and net assets at June 30, 2009 and 2008:



The table below shows the change in net assets for fiscal year 2009 and 2008.

Change in Net Assets		
	Governmental Activities 2009	Governmental Activities 2008
Revenues		
Program Revenues:		
Charges for Services and Sales	\$ 889,373	\$ 947,888
Operating Grants and Contributions	875,345	766,954
Capital Grants and Contributions	5,807	2,738
General Revenues:		
Property Taxes	1,434,531	1,458,643
School District Income Tax	498,774	538,281
Grants and Entitlements	4,021,345	3,743,060
Investment Earnings	27,484	75,977
Miscellaneous	25,920	19,228
Total revenues	7,818,579	7,552,769
Expenses		
Program Expenses:		
Instruction:		
Regular	4,047,567	3,958,835
Special	713,948	760,355
Vocational	166,880	132,550
Support Services:		
Pupil	209,557	216,180
Instructional Staff	568,287	584,836
Board of Education	18,031	18,421
Administration	569,289	633,983
Fiscal	286,097	252,759
Business	20,669	15,455
Operations and Maintenance	796,276	873,130
Pupil Transportation	414,775	467,541
Central	4,659	42,016

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

**Change in Net Assets
(Continued)**

	Governmental Activities 2009	Governmental Activities 2008
Expenses (Continued)		
Operation of Non-Instructional Services:		
Food Service Operations	399,111	368,172
Other Non-Instructional Services	1,350	
Extracurricular Activities	245,732	332,468
Interest and Fiscal Charges	117,182	115,513
Total Expenses	8,579,410	8,772,214
Change in Net Assets	(760,831)	(1,219,445)
Net Assets at Beginning of Year	10,946,508	12,165,953
Net Assets at End of Year	\$10,185,677	\$10,946,508

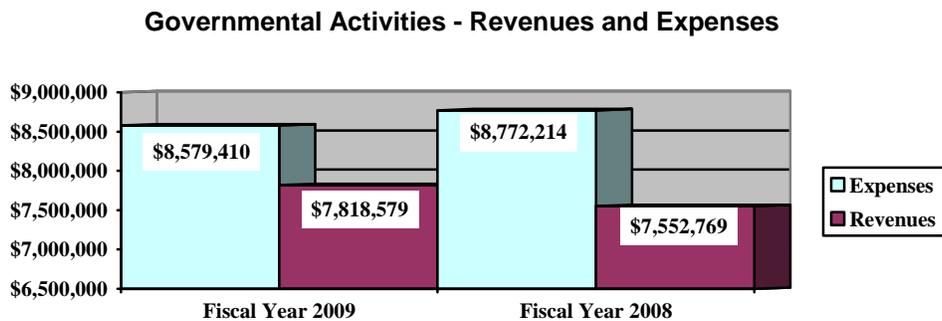
Governmental Activities

Net assets of the District's governmental activities decreased \$760,831. Total governmental expenses of \$8,579,410 were offset by program revenues of \$1,770,525 and general revenues of \$6,048,054. Program revenues supported 20.64% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from taxes, and unrestricted grants and entitlements. These revenue sources represent 76.67% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$4,928,395 or 57.44% of total governmental expenses for fiscal 2009.

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2009 and 2008.



The statement of activities shows the cost of program services and the charges for services and sales and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

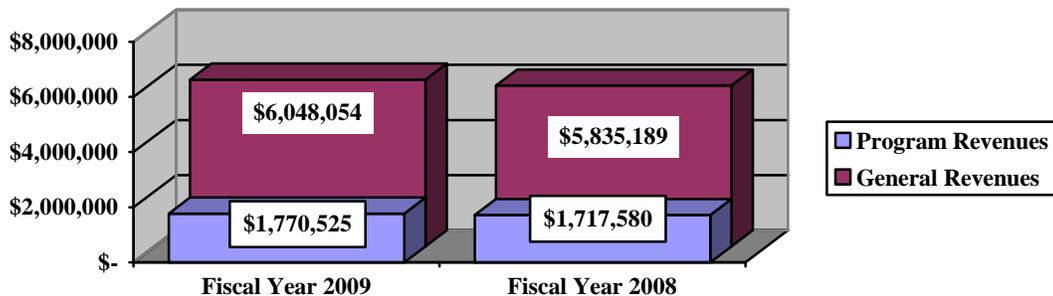
Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Program Expenses				
Instruction:				
Regular	\$4,047,567	\$3,423,869	\$3,958,835	\$3,406,615
Special	713,948	240,074	760,355	286,862
Vocational	166,880	143,951	132,550	105,636
Support Services:				
Pupil	209,557	204,264	216,180	192,466
Instructional Staff	568,287	416,351	584,836	420,680
Board of Education	18,031	18,031	18,421	18,421
Administration	569,289	566,578	633,983	633,983
Fiscal	286,097	286,064	252,759	252,720
Business	20,669	2,625	15,455	(530)
Operations and Maintenance	796,276	791,909	873,130	860,469
Pupil Transportation	414,775	364,537	467,541	429,327
Central	4,659	2,370	42,016	37,016
Operation of Non-Instructional Services:				
Food Service Operations	399,111	44,769	368,172	29,803
Other Non-Instructional Services	1,350	237		
Extracurricular Activities	245,732	186,074	332,468	265,653
Interest and Fiscal Charges	117,182	117,182	115,513	115,513
Total Expenses	\$8,579,410	\$6,808,885	\$8,772,214	\$7,054,634

The dependence upon tax and other general revenues for governmental activities is apparent, 77.26% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.36%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2009 and 2008.

Governmental Activities - General and Program Revenues



**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 62) reported a combined fund balance of \$221,143, which is lower than last year's total of \$606,872. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	<u>Fund Balance June 30, 2009</u>	<u>Fund Balance June 30, 2008</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
General	\$ (448,293)	\$123,089	(\$571,382)	(464.20)%
Debt Service	155,221	135,649	19,572	14.43%
Other Governmental	514,215	348,134	166,081	47.71%
Total	<u>\$ 221,143</u>	<u>\$606,872</u>	<u>(\$385,729)</u>	<u>(63.56)%</u>

General Fund

The District's General Fund, fund balance decreased by \$571,382. The table that follows assists in illustrating the financial activities and fund balance of the General Fund.

	<u>2009 Amount</u>	<u>2008 Amount</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Taxes	\$1,618,592	\$1,651,649	(\$ 33,057)	(2.00)%
Earnings on Investments	27,484	75,977	(48,493)	
Tuition	518,499	495,065	23,434	4.73%
Intergovernmental	4,248,493	3,912,226	336,267	8.60%
Other Revenues	87,858	44,730	43,128	96.42%
Total	<u>6,500,926</u>	<u>6,179,647</u>	<u>321,279</u>	<u>5.20%</u>
Expenditures				
Instruction	4,434,936	4,191,350	243,586	5.81%
Support Services	2,495,141	2,528,710	(33,569)	(1.33)%
Extracurricular Activities	142,231	206,002	(63,771)	(30.96)%
Total	<u>\$7,072,308</u>	<u>\$6,926,062</u>	<u>\$508,039</u>	<u>2.11%</u>

Overall revenues of the general fund increased \$321,279 or 5.20%. The most significant area of increase was in intergovernmental revenue which increased \$336,267 or 8.60%. This increase is attributed to an increase in tangible personal property tax loss reimbursements from the State pursuant to AM. Sub. House Bill 66.

During fiscal year 2009, the District attempted to remain fiscally responsible by closely monitoring cash outflows. Therefore, expenditures for fiscal year 2009 remained comparable to fiscal year 2008.

Debt Service Fund

The Debt Service Fund had \$258,696 in revenues and \$239,124 in expenditures. During fiscal year 2009, the Debt Service Fund's fund balance increased \$19,572 from \$135,649 to \$155,221.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2009, the District amended its General Fund budget several times. For the General Fund, original budgeted revenues and other financing sources were \$6,211,186 and final budgeted revenues and other financing sources were \$6,661,703. Actual revenues and other financing sources for fiscal year 2009 were \$6,641,593.

General Fund original appropriations and other financing uses totaled \$7,046,461 and final appropriations and other financing uses totaled \$7,328,993. The actual budget basis expenditures and other financing uses for fiscal year 2009 totaled \$7,298,499, which is lower than the final budget appropriations by \$30,494.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2009, the District had \$12,382,016 invested in land; land improvements; buildings and improvements; furniture, fixtures, and equipment; vehicles; and textbooks. This entire amount is reported in governmental activities. The following table shows fiscal year 2009 balances compared to 2008:

Capital Assets at June 30 (Net of Depreciation)		
	Governmental Activities	
	2009	2008
Land	\$ 11,423	\$ 11,423
Land Improvements	816,264	890,591
Building and Improvements	10,931,072	11,267,793
Furniture, Fixtures, and Equipment	526,063	626,878
Vehicles	97,194	143,089
Total	\$12,382,016	\$12,939,774

The overall decrease in capital assets is a result of depreciation expense of \$557,758 in fiscal year 2009.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2009, the District had \$2,072,889 in general obligation bonds outstanding for building improvements. Of this total, \$165,000 is due within one year and \$1,907,889 is due within greater than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End		
	Governmental Activities 2009	Governmental Activities 2008
General Obligation Bonds	\$2,072,889	\$2,189,189
Total	\$2,072,889	\$2,189,189

At June 30, 2009, the District's overall legal debt margin was \$3,330,634, and an unvoted debt margin of \$58,314.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

Current Financial Related Activities

The District is declining in the state of a declining economy and uncertainty in State funding. DeGraff and Quincy are small rural communities in West Central Ohio. They have a number of small and medium-sized businesses with agriculture have a contributing influence on the economy.

Approximately 25 percent of the District's general fund revenue source is from local property and income taxes, approximately 65 percent is from intergovernmental funding and the remainder is from other sources. The total expenditure per pupil was calculated at \$9,789.

Future finances are not without challenges as the District's community changes and State funding is revised. Some of these challenges are in the future of State funding for schools in light of the DeRolph court case, the long term effects of public utility deregulation, the reduction of personal property for business inventory, and the proposed changes in the State biennial budget and stimulus funding. Future revenues created from property and income values are also in question based on the state of the economy.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Mr. Paul Carpenter, Treasurer, Riverside Local School District, 2096 CR 24 S, DeGraff, Ohio 43318.

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**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$898,751
Receivables:	
Taxes	1,652,079
Accounts	7,648
Intergovernmental	48,095
Accrued Interest	848
External Party Receivable	10,000
Materials and Supplies Inventory	4,829
Unamortized Bond Issue Costs	50,905
Capital Assets:	
Land	11,423
Depreciable Capital Assets, Net	12,370,593
Capital Assets, Net	12,382,016
Total Assets	15,055,171
 Liabilities:	
Accounts Payable	42,004
Accrued Wages and Benefits	655,066
Pension Obligation Payable	162,000
Intergovernmental Payable	60,941
Unearned Revenue	1,261,486
Accrued Interest Payable	5,943
Long-Term Liabilities:	
Due Within One Year	220,384
Due in More Than One Year	2,461,670
Total Liabilities	4,869,494
 Net Assets:	
Invested in Capital Assets, Net of Related Debt	10,429,294
Restricted for:	
Capital Projects	150,736
Debt Service	172,543
Classroom Facilities Maintenance	165,969
State Funded Programs	54,874
Federally funded programs	76,990
District Managed Student Activities	22,951
Other Purposes	78,331
Unrestricted	(966,011)
Total Net Assets	\$10,185,677

See accompanying notes to the basic financial statements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$4,047,567	\$581,805	\$41,893	(\$3,423,869)
Special	713,948		473,874	(240,074)
Vocational	166,880		22,929	(143,951)
Support Services:				
Pupil	209,557	3,515	1,778	(204,264)
Instructional Staff	568,287	656	151,280	(416,351)
Board of Education	18,031			(18,031)
Administration	569,289		2,711	(566,578)
Fiscal	286,097		33	(286,064)
Business	20,669	14,875	3,169	(2,625)
Operations and Maintenance	796,276	155	4,212	(791,909)
Pupil Transportation	414,775	19,103	25,328	\$5,807 (364,537)
Central	4,659		2,289	(2,370)
Operation of Non-Instructional Services:				
Food Service Operations	399,111	210,216	144,126	(44,769)
Other Non-Instructional Services	1,350	299	814	(237)
Extracurricular Activities	245,732	58,749	909	(186,074)
Interest and Fiscal Charges	117,182			(117,182)
Total Governmental Activities	\$8,579,410	\$889,373	\$875,345	\$5,807
General Revenues:				
Property Taxes Levied for:				
General Purposes				1,141,392
Debt Service				235,543
Capital Projects				76,233
Special Revenue				21,363
School District Income Tax				498,774
Grants and Entitlements not Restricted to Specific Programs				4,021,345
Investment Earnings				27,484
Miscellaneous				25,920
Total General Revenues				6,048,054
Change in Net Assets				(760,831)
Net Assets at Beginning of Year				10,946,508
Net Assets at End of Year				\$10,185,677

See accompanying notes to the basic financial statements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$181,018	\$139,354	\$561,268	\$881,640
Receivables:				
Taxes	1,326,180	231,510	94,389	1,652,079
Accounts	7,470		178	7,648
Intergovernmental	3,337		44,758	48,095
Interfund Loans	22,378			22,378
Accrued Interest	784		64	848
External Party Receivable	10,000			10,000
Materials and Supplies Inventory			4,829	4,829
Restricted assets:				
Equity in Pooled Cash and Cash Equivalents	17,111			17,111
Total Assets	<u>1,568,278</u>	<u>370,864</u>	<u>705,486</u>	<u>2,644,628</u>
Liabilities:				
Accounts Payable	28,747		13,257	42,004
Accrued Wages and Benefits	633,323		21,743	655,066
Compensated Absences Payable	38,005			38,005
Pension Obligation Payable	148,274		13,726	162,000
Intergovernmental Payable	59,469		1,472	60,941
Interfund Loan Payable			22,378	22,378
Deferred Revenue	119,958	23,265	38,382	181,605
Unearned Revenue	988,795	192,378	80,313	1,261,486
Total Liabilities	<u>2,016,571</u>	<u>215,643</u>	<u>191,271</u>	<u>2,423,485</u>
Fund Balances:				
Reserved for Encumbrances	107,403		54,990	162,393
Reserved for Materials and Supplies Inventory			4,829	4,829
Reserved for Debt Service		139,354		139,354
Reserved for Tax Revenue Available for Appropriation	67,857	15,867	4,590	88,314
Reserved for school bus purchases	17,111			17,111
Unreserved, Undesignated, Reported in:				
General Fund	(640,664)			(640,664)
Special Revenue Funds			328,744	328,744
Capital Projects Funds			121,062	121,062
Total Fund Balances	<u>(448,293)</u>	<u>155,221</u>	<u>514,215</u>	<u>221,143</u>
Total Liabilities and Fund Balances	<u>\$1,568,278</u>	<u>\$370,864</u>	<u>\$705,486</u>	<u>\$2,644,628</u>

See accompanying notes to the basic financial statements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009**

Total Governmental Fund Balances		\$221,143
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		12,382,016
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$150,802	
Intergovernmental Revenue	<u>30,803</u>	
Total		181,605
Unamortized deferred charges are not recognized in the funds.		149,683
Unamortized premiums on bond issuance is not recognized in the funds.		(200,588)
Unamortized bond issuance costs are not recognized in the funds.		50,905
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(5,943)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(520,255)	
General Obligation Bonds	<u>(2,072,889)</u>	
Total		<u>(2,593,144)</u>
Net Assets of Governmental Activities		<u><u>\$10,185,677</u></u>

See accompanying notes to the basic financial statements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From Local Sources:				
Taxes	\$1,618,592	\$224,941	\$93,363	\$1,936,896
Tuition	518,499			518,499
Transportation Fees	4,480			4,480
Charges for Services			210,216	210,216
Earnings on Investments	27,484		4,524	32,008
Extracurricular			77,369	77,369
Classroom Materials and Fees	21,926		3,144	25,070
Rental Income	155			155
Contributions and Donations			5,817	5,817
Contract Services	35,377			35,377
Other Local Revenues	25,920		19,342	45,262
Other Revenue				
Intergovernmental - Intermediate			2,340	2,340
Intergovernmental - State	4,246,445	33,755	187,226	4,467,426
Intergovernmental - Federal	2,048		391,215	393,263
Total Revenue	<u>6,500,926</u>	<u>258,696</u>	<u>994,556</u>	<u>7,754,178</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,738,796		48,301	3,787,097
Special	548,288		166,417	714,705
Vocational	147,852			147,852
Support Services:				
Pupil	202,830		6,167	208,997
Instructional Staff	423,620		100,276	523,896
Board of Education	18,031			18,031
Administration	547,980		1,487	549,467
Fiscal	278,710	5,916	2,441	287,067
Business			20,669	20,669
Operations and Maintenance	664,827		78,242	743,069
Pupil Transportation	355,740		11,809	367,549
Central	3,403		1,256	4,659
Operation of Non-Instructional Services:				
Food Service Operations			342,517	342,517
Other Non-Instructional Services			1,350	1,350
Extracurricular Activities	142,231		47,443	189,674
Facilities Acquisition and Construction			100	100
Debt Service:				
Principal Retirement		155,000		155,000
Interest and Fiscal Charges		78,208		78,208
Total Expenditures .	<u>7,072,308</u>	<u>239,124</u>	<u>828,475</u>	<u>8,139,907</u>
Net Change in Fund Balances	(571,382)	19,572	166,081	(385,729)
Fund Balances at Beginning of Year	123,089	135,649	348,134	606,872
Fund Balances at End of Year	<u>(\$448,293)</u>	<u>\$155,221</u>	<u>\$514,215</u>	<u>\$221,143</u>

See accompanying notes to the basic financial statements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Net Change in Fund Balances - Total Governmental Funds (\$385,729)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period. (557,758)

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

Taxes	\$36,409	
Intergovernmental Revenue	27,992	
Total	64,401	64,401

Premiums on refunding bonds are recongnized as revenues in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities. 14,951

Bond issuance costs on refunding bonds are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities. (3,794)

Deferred charges on refundings are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance on the statement of activities. (11,157)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 155,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. The following items resulted in additional interest being reported on the statement of activities.

Increase in accrued interest payable	(274)	
Accreted Interest on Capital Appreciation Bonds	(38,700)	
Total	(38,974)	(38,974)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 2,229

Change in Net Assets of Governmental Activities (\$760,831)

See accompanying notes to the basic financial statements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From Local Sources:				
Taxes	\$1,529,701	\$1,640,655	\$1,640,655	
Tuition	483,434	518,499	518,499	
Transportation Fees	4,175	4,478	4,480	\$2
Earnings on Investments	30,400	32,605	32,666	61
Classroom Materials and Fees	20,237	21,705	21,808	103
Rental Income	145	155	155	
Contract Services	25,468	27,315	28,025	710
Other Local Revenues	25,799	27,670	27,684	14
Intergovernmental - State	3,960,317	4,247,571	4,247,571	
Intergovernmental - Federal	1,909	2,048	2,048	
Total Revenue	<u>6,081,585</u>	<u>6,522,701</u>	<u>6,523,591</u>	<u>890</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,643,115	3,789,189	3,774,167	\$15,022
Special	532,652	554,009	552,452	1,557
Vocational	139,475	145,067	145,067	
Support Services:				
Pupil	180,870	188,122	188,122	
Instructional Staff	406,984	423,302	423,302	
Board of Education	17,345	18,040	18,040	
Administration	527,744	548,904	548,771	133
Fiscal	273,338	284,298	284,238	60
Operations and Maintenance	709,769	738,228	735,647	2,581
Pupil Transportation	340,000	353,632	353,516	116
Central	4,872	5,067	4,067	1,000
Extracurricular Activities	147,901	153,831	143,806	10,025
Total Expenditures	<u>6,924,065</u>	<u>7,201,689</u>	<u>7,171,195</u>	<u>\$30,494</u>
Excess of Revenues Over (Under)	<u>(842,480)</u>	<u>(678,988)</u>	<u>(647,604)</u>	<u>31,384</u>
Other Financing Sources (Uses):				
Refund of Prior Year Expenditure	1,044	1,120	1,120	
Transfers In	10,256	11,000		(11,000)
Advances In	118,301	126,882	116,882	(10,000)
Advances Out	(121,956)	(126,846)	(126,846)	
Miscellaneous Use of Funds	(440)	(458)	(458)	
Total Other Financing Sources (Uses)	<u>7,205</u>	<u>11,698</u>	<u>(9,302)</u>	<u>(21,000)</u>
Net Change in Fund Balance	(835,275)	(667,290)	(656,906)	10,384
Fund Balance at Beginning of Year	700,637	700,637	700,637	
Prior Year Encumbrances Appropriated	30,932	30,932	30,932	
Fund Balance at End of Year	<u>(\$103,706)</u>	<u>\$64,279</u>	<u>\$74,663</u>	<u>\$10,384</u>

See accompanying notes to the basic financial statements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009**

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$24,552	\$113,440
Receivables:		
Accrued Interest	11	
Total Assets	24,563	113,440
Liabilities:		
External Party Payable		10,000
Due to Students		103,440
Total Liabilities		\$113,440
Net Assets:		
Held in Trust for Scholarships	24,563	
Total Net Assets	\$24,563	

See accompanying notes to the basic financial statements.

RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Private-Purpose Trust</u>
	<u>Scholarship</u>
Additions:	
Interest	\$753
Total Additions	753
Deductions:	
Scholarships Awarded	\$1,249
Change in Net Assets	(496)
Net Assets at Beginning of Year	25,059
Net Assets at End of Year	<u>\$24,563</u>

See accompanying notes to the basic financial statements.

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**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

1. DESCRIPTION OF THE SCHOOL DISTRICT

The Riverside Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and the privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's 7 instructional/support facilities staffed by 43 non-certified and 116 certified full-time teaching personnel who provide services to 788 students and other community members. The District ranks 541 among 922 public and community school districts in the State of Ohio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units." The reporting entity is composed of the primary government, component units and other organization that are included to ensure that the basic 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 District, this includes general operations, foods 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 organization's 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 organization's resources; (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Based upon the application of this criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Group Purchasing Pools

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

Each year, the participating school districts pay an enrollment fee to Sheakley Uniserve, Inc. 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 then either receive money from or be required to contribute to the "Equity Pooling Fund."

This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control, and actuarial services to the GRP.

Logan County Schools Benefit Plan Association

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

Ohio School Plan

The Ohio School Plan (the Plan) is a shared liability, property and fleet insurance risk pool which is governed by a board of thirteen school superintendents, business managers and treasurers. Harcum-Schuett, the insurance agency, has one board seat. OSBA, BASA and OASBO executive directors serve as ex-officio members. 450 educational entities are served by the Plan. The Plan's board elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the plan. All Plan revenues are generated from charges for services. For more information, write to the Ohio School Plan, Harcum-Schuett Insurance Agency, Inc., 246 Sycamore Street, Columbus, Ohio 43206.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Jointly Governed Organizations

Western Ohio Computer Organization

The District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is an association of public Districts within the boundaries of Hardin, Auglaize, Logan, Shelby, Miami and Champaign Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member District. This organization is governed by a board of directors consisting of 14 members: the superintendent of the fiscal agent Shelby County Educational Service Center, two superintendents from each county that is represented, one Treasurer representative from the school districts, student services representative from the school districts, and a non-voting independent district representative. The degree of control exercised by any participating school district is limited to its representation on the board. Financial information can be obtained from Sonny Ivey, who serves as Director, at 129 East Court Street, Sidney, Ohio 45365.

Ohio Hi-Point Joint Vocational School District

The Ohio Hi-Point Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio that provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each participating school districts' elected boards. The degree of control exercised by the District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Ohio Hi-Point Joint Vocational School District, R. Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311.

West Central Ohio Special Education Regional Resource Center

The West Central Ohio Special Education Regional Resource Center (SERRC) is a special education service center, which selects its own board, adopts its own budget and receives direct Federal and State grants for its operations. The jointly governed board organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. The board consists of 52 members made up of the 50 superintendents of the participating districts, one non-public school, and Wright State University whose terms rotate every year governs the SERRC. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information through June 30, 2008 can be obtained by contacting Krista Hart, Treasurer, at the Hardin County Educational Service Center, 1211 West Lima Avenue, Suite A, Kenton, Ohio 43326. Financial information from July 1, 2008 to present can be obtained by contacting Margaret Grimm, Treasurer, at the Auglaize County Educational Service Center, 1045 Dearbaugh Avenue, Suite #2, Wapakoneta, Ohio 45895.

Logan County Education Foundation

The Logan County Education Foundation was established to secure and distribute contributions from individuals, corporations, and foundations for the benefit of students within the county. The Foundation promotes, sponsors, and encourages the pursuit of excellence in education for students.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Foundation is managed by a six member Board of Trustees. These trustees are nominated by their local school boards including Bellefontaine City School District, Benjamin Logan Local School District, Indian Lake Local School District, and Riverside Local School District. The Executive Board is comprised of the Logan County Educational Service Center Superintendent representing the city school district. Financial information can be obtained by contacting Eric Adelsberger, who serves as Financial Advisor, 2626 County Road 18, Bellefontaine, Ohio 43311.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have proprietary funds.

1. Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

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

Debt Service – The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond and note principal, interest and related costs.

Other governmental funds of the District are used to account for (a) the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds; and (c) for grants and other resources whose use is restricted to a particular purpose.

2. Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation and Measurement Focus

1. Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

2. Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, interest, tuition, grants, and student fees.

2. Unearned Revenue and Deferred Revenue

Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2009 are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

3. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

E. Budgets

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates.

The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by the Board of Education. Budgetary allocations at the function and object level in all funds are made by the Treasurer.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the original and final budgeted amounts represent the original and final appropriation amounts passed by the Board during the fiscal year.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements.

During fiscal year 2009, investments were limited to non-negotiable certificates of deposit.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the General Fund. Interest revenue credited to the General Fund during fiscal year 2009 amounted to \$27,484, which includes \$14,913 assigned from other funds.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year-end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$1,200. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

All reported capital assets except land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land Improvements	15 - 30 years
Buildings and Improvements	30 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	5 - 15 years
Textbooks	10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans". These amounts are eliminated in the governmental activities column on the statement of net assets. Loans to student activities (Agency Funds) are classified as "External Party Receivables/Payables".

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method: i.e., the liability is based on the sick leave accumulation at June 30, 2009, by those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with 10 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2009, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

L. Unamortized Issuance Cost/Bond Premium and Discount/Accounting Gain or Loss

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10. A.

M. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, debt service and property tax revenue unavailable for appropriation. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under state statute.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for the food service, special trust and uniform school supplies funds (all nonmajor governmental funds). The amount also includes an amount restricted by state statute for school bus purchases.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by state statute to be set-aside to create a reserve for school bus purchases. See Note 17 for details.

P. Estimates

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

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

3. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2009, the District has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GSB Statement No. 49 did not have an effect on the financial statements of the District.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2009 included the following individual fund deficits:

	<u>Deficit</u>
General Fund	\$448,293

The General Fund complied with state law, which does not permit a cash basis deficit at fiscal year end. The deficit balance in the General Fund will be eliminated by resources not recognized or recorded at fiscal year end.

4. DEPOSITS AND INVESTMENTS

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

Interim deposits are deposits of interim monies. Interim moneys 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 deposited or invested in the following securities:

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 and interest by the United States;
2. Bonds, notes, debentures, or any 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 market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

**RIVERSIDE LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above 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);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the District 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 in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Payment for investments may be made only upon delivery of the securities representing the investments to the District or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year-end, the District had \$150 in un-deposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

B. Deposits with Financial Institutions

At June 30, 2009, the carrying amount of all District deposits was \$1,036,593. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009 \$581,926 of the District's bank balance of \$1,087,337 was exposed to custodial risk as discussed below, while \$505,411 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial risk beyond the requirements of statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

C. Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2009:

Cash and Investments per footnote	
Carrying amount of deposits	\$1,036,593
Cash on hand	150
Total	<u>\$1,036,743</u>

Cash and investments per Statement of Net Assets	
Governmental activities	\$ 898,751
Private-purpose trust funds	24,552
Agency funds	113,440
Total	<u>\$1,036,743</u>

5. INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2009 as reported on the fund statements, consist of the following individual interfund loan receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Non-major governmental funds	\$22,378

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2009 are reported on the statement of net assets.

B. Loans between governmental funds and agency funds are reported as "External Party Receivable/Payable" on the financial statements. The District had the following loans outstanding at June 30, 2009:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency	\$10,000

This loan is expected to be repaid in the subsequent year as resources become available in the agency fund.

6. PROPERTY TAXES

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

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

6. PROPERTY TAXES (Continued)

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2005, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2009 (other than public utility property) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Logan and Shelby Counties. The respective County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date tax bills are sent. The amount available as an advance at June 30, 2009 was \$67,857 in the General Fund, \$15,867 in the Debt Service Fund, and \$4,590 in the Permanent Improvement Fund (a nonmajor governmental fund). This amount has been recorded as revenue. The amount available as an advance at June 30, 2008 was \$67,558 in the General Fund \$15,740 in the Debt Service Fund, and \$4,606 in the Permanent Improvement Fund (a non-major governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

6. PROPERTY TAXES (Continued)

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$56,222,700	94.19	\$56,620,280	95.65
Public Utility Personal	2,260,720	3.79	2,039,760	3.45
Tangible Personal Property	1,204,214	2.02	530,790	0.90
Total	<u>\$59,687,634</u>	<u>100.00</u>	<u>\$59,190,830</u>	<u>100.00</u>
Tax Rate per \$1,000 of Assessed Valuation	\$52.30		\$52.30	

7. SCHOOL DISTRICT INCOME TAX

The District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2000 for 5 years and was renewed on March 2, 2004, with a period starting January 1, 2005 lasting 5 years. and will continue for 5 years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

8. RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the items of receivables reported on the statement of net assets follows:

Governmental Activities:	
Property Taxes	\$1,500,602
Income Tax	151,477
Accounts	7,648
Intergovernmental	48,095
Accrued interest	848
Total	<u>\$1,708,670</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within subsequent years.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

9. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 11,423			\$ 11,423
Total Capital Assets, Not Being Depreciated	<u>11,423</u>			<u>11,423</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,363,669			1,363,669
Buildings and Improvements	14,128,986			14,128,986
Furniture, Fixtures and Equipment	2,008,579			2,008,579
Vehicles	590,918			590,918
Textbooks	632,952			632,952
Total Capital Assets, Being Depreciated	<u>18,725,104</u>			<u>18,725,104</u>
Less: Accumulated Depreciation				
Land Improvements	(473,078)	(74,327)		(547,405)
Buildings and Improvements	(2,861,193)	(336,721)		(3,197,914)
Furniture, Fixtures and Equipment	(1,381,701)	(100,815)		(1,482,516)
Vehicles	(447,829)	(45,895)		(493,724)
Textbooks	(632,952)			(632,952)
Total Accumulated Depreciation	<u>(5,796,753)</u>	<u>(557,758)</u>		<u>(6,354,511)</u>
Governmental Activities Capital Assets, Net	<u>\$12,939,774</u>	<u>(\$557,758)</u>		<u>\$12,382,016</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$263,331
Special	7,169
Vocational	17,757
Support Services:	
Instructional Staff	41,438
Administration	18,826
Fiscal	4,534
Operations and Maintenance	46,352
Pupil Transportation	48,690
Extracurricular	56,058
Food Service Operations	53,603
Total Depreciation Expense	<u>\$557,758</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

10. LONG-TERM OBLIGATIONS

A. During fiscal year 2009, the following changes occurred in governmental activities long-term obligations:

	Balance 6/30/2008	Additions	Reductions	Balance 6/30/2009	Amounts Due in One Year
G.O. Bonds- Series 2001	\$ 573,639	\$23,104	(\$125,000)	\$ 471,743	\$130,000
G.O. Refunding Bonds - Series 2008	1,615,550	15,596	(30,000)	1,601,146	35,000
Compensated Absences	540,650	60,148	(42,538)	558,260	55,384
Total	<u>\$2,729,839</u>	<u>\$98,848</u>	<u>(\$197,538)</u>	<u>2,631,149</u>	<u>\$220,384</u>
Less: Deferred Charge on Refunding				(149,683)	
Add: Unamortized Premium				200,588	
Total on Statement of Net Assets				<u>\$2,682,054</u>	

Compensated Absences

Compensated absences have been accrued for vacation and severance liabilities. The amounts will be paid from the fund which employee's salaries are paid, which is the general and food service funds (a non-major governmental fund).

School Facilities Construction and Improvement General Obligation Bonds

On May 4, 2001, the District issued \$2,881,817 in voted general obligation bonds for the purpose of constructing, renovation, and improving existing school facilities and related site development. The bond issue included serial, term and capital appreciation bonds with par values of \$1,130,000, \$1,685,000, and \$66,817, respectively. The bonds will be retired with a voted property tax levy from the Debt Service Fund. The interest rates on the serial and term bonds are 4.6 to 5.75% and 12.55% for the capital appreciation bonds. During fiscal year 2008, \$1,685,000 of the serial bonds were refunded.

The Capital Appreciation Bonds will mature during fiscal years 2012 and 2013. The accreted value at maturity for the capital appreciation bonds is \$290,000. Total accreted interest of \$134,926 has been included in the statement of net assets at June 30, 2009.

Interest on the remaining Serial bonds will be, payable on June 1 and December 1 of each year, beginning December 1, 2001 until maturity or earlier redemption. The Capital Appreciation bonds will accrue interest, compounded semiannually on June 1 and December 1, from the date of their issuance, but the interest will be payable only at maturity.

The following is a schedule of activity for fiscal 2009 on the 2001 series general obligation bonds:

	Balance 6/30/2008	Additions	Reductions	Balance 6/30/2009
Current Interest Bonds	\$395,000		(\$125,000)	\$270,000
Capital Appreciation Bonds	66,817			66,817
Capital Appreciation – Accreted interest	111,822	\$23,104		134,926
Total 2001 G.O. Bonds	<u>\$573,639</u>	<u>\$23,104</u>	<u>(\$125,000)</u>	<u>\$471,743</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

10. LONG-TERM OBLIGATIONS

The following is a summary of the future debt service requirements to maturity for the 2001 series general obligation bonds:

Fiscal Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$130,000	\$13,705	\$143,705			
2011	140,000	7,140	147,140			
2012				\$35,439	\$109,561	\$145,000
2013				31,378	113,622	145,000
Total	\$270,000	\$20,845	\$290,845	\$66,817	\$223,183	\$290,000

On September 14, 2005 the District issued general obligation bonds (Series 2008A Refunding Bonds) to advance refund the callable portion of the Series 2001 Current Interest General Obligation Bonds (principal \$1,685,000). The issuance proceeds of \$1,685,000 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The refunding issue is comprised of both current interest bonds, par value \$1,675,000, and capital appreciation bonds, par value \$10,000. The capital appreciation bonds mature December 1, 2010 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$355,000. Total accreted interest of \$10,235 has been included in the statement of activities.

The reacquisition price exceeded the net carrying amount of the old debt by \$191,520. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

The following is a schedule of activity for fiscal 2009 on the 2006 refunding bonds:

	Balance 6/30/2008	Additions	Reductions	Balance 6/30/2009
Current Interest Bonds	\$1,585,000		(\$30,000)	\$1,555,000
Capital Appreciation Bonds	10,000			10,000
Capital Appreciation – Accreted interest	20,550	\$15,596		36,146
Total 2006 G.O. Bonds	\$1,615,550	\$15,596	(\$30,000)	\$1,601,146

The following is a summary of the future debt service requirements to maturity for the 2008 series refunding bonds:

Fiscal Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 35,000	\$ 60,890	\$ 95,890			
2011	35,000	59,717	94,717			
2012	35,000	58,510	93,510			
2013	35,000	57,285	92,285			
2014		56,025	56,025	\$5,000	\$170,000	\$175,000
2015 – 2019	745,000	241,595	986,595	5,000	175,000	180,000
2020 - 2023	670,000	73,570	743,570			
Total	\$1,555,000	\$607,592	\$2,162,592	\$10,000	\$345,000	\$355,000

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

10. LONG-TERM OBLIGATIONS (Continued)

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation use in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2008. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, are a voted debt margin of \$3,330,634 (including available funds of \$155,221) and an unvoted debt margin of \$58,314.

11. COMPENSATED ABSENCES

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 240 days for all personnel. Upon retirement, payment is made for 25 percent of accrued, but unused sick leave credit to a maximum of 60 days for all employees.

12. RISK MANAGEMENT

A. Property and Liability

During fiscal year 2009, the District participated in the Ohio School Plan (OSP), a public entity insurance purchasing pool (See Note 2.A). The District entered into an agreement with the OSP and its premium is based on types of coverage, limits of coverage and deductibles that it selects. The OSP is administered by Hyland Administrative Services, LLC.

The District is subject to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omission, injuries to employees, and natural disasters. The District maintains comprehensive commercial insurance coverage for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured.

The District's comprehensive commercial insurance coverage for real property and building contents has a liability limit of \$24,615,435. The policy includes a \$1,000 deductible for commercial property coverage.

The District's fleet insurance has a liability limit of \$3,000,000, \$5,000 for medical payments and \$1,000,000 for uninsured motorists. The policy includes a \$1,000 deductible for school buses and \$500 deductible for all other vehicles.

The District's liability policy has a limit of \$2,000,000 for each occurrence and \$2,000,000 aggregate.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

12. RISK MANAGEMENT (Continued)

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

B. Employee Benefits

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

C. Workers' Compensation

For fiscal year 2009, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program.

The workers' compensation experience of the participating Districts is calculated as one experience and a common premium rate is applied to all school Districts in the Program. Each participant pays its workers' compensation premium to the state based on the rate for the Program rather than its individual rate. Participation in the Program is limited to Districts that can meet the Program's selection criteria. Sheakley Uniservice, Inc provides administrative, cost control and actuarial services to the Program.

13. PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts if 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2005 were \$74,216, \$76,502, and \$83,884, respectively; 40.31% has been contributed for fiscal year 2009 and 100% for the fiscal years 2008 and 2007.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

13. PENSION PLANS (Continued)

B. State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after the age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2005 were \$440,575, \$469,431, and \$446,203, respectively; 83.95% has been contributed for fiscal year 2009 and 100% for the fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$18 made by the District and \$342 made by plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

14. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, A Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report, which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers earning less than an actuarially determined account; for 2009, the actuarially determined amount to be \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$47,843, \$34,910 and \$41,365, respectively; 40.31 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$6,123, \$5,512 and \$5,704, respectively; 40.31 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the Plan) administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by SRTS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsho.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes SRTS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

14. POST-EMPLOYMENT BENEFITS (Continued)

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$33,890, \$36,110 and \$34,323, respectively; 83.95 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

15. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the General Fund is presented on the budgetary basis provides a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the General Fund is as follows:

Net Change in Fund Balance	General Fund
Budget basis	(\$656,906)
Net adjustment for revenue accruals	(22,665)
Net adjustment for expenditure accruals	(24,579)
Net adjustment for other financing sources/uses	9,302
Adjustment for encumbrances	123,466
GAAP basis	(\$571,382)

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

16. CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

17. STATUTORY RESERVES

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2009, the reserve activity was as follows:

	Textbooks	Capital Acquisition
Set-Aside Cash Balance as of June 30, 2008	(\$343,843)	(\$231,614)
Current Year Set-Aside Requirement	126,124	126,124
Current Year Offsets		(142,674)
Qualifying Disbursements	(66,300)	
Total	(\$284,019)	(\$248,164)
Cash balance carried forward to FY 2010	(\$284,019)	(\$231,614)

The District had qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbooks/instructional materials reserve. These extra amounts may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to the next fiscal year. The capital acquisition reserve had debt related offsets that may be carried forward to future years. Excess qualifying disbursements may not be carried forward.

A schedule of the governmental fund restricted assets at June 30, 2009 follows:

Amount Restricted for school bus purchases	<u>\$17,111</u>
Total restricted assets	<u>\$17,111</u>

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**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal Grantor/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
Child Nutrition Cluster:						
School Breakfast Program	2010	10.553	\$23,795		\$23,795	
Non-Cash Assistance (Food Distribution) School Breakfast Program				3,030		3,030
Total School Breakfast Program			<u>23,795</u>	<u>3,030</u>	<u>23,795</u>	<u>3,030</u>
National School Lunch Program	2010	10.555	119,192		119,192	
Non-Cash Assistance (Food Distribution) National School Lunch Program				14,793		14,793
Total National School Lunch Program			<u>119,192</u>	<u>14,793</u>	<u>119,192</u>	<u>14,793</u>
Total Child Nutrition Cluster - United States Department of Agriculture			<u>142,987</u>	<u>17,823</u>	<u>142,987</u>	<u>17,823</u>
U.S. Department of Education						
<i>Passed through Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies	2010	84.010	73,877		71,627	
	2009		20,028		39,184	
Total Title I Grants to Local Educational Agencies			<u>93,905</u>		<u>110,811</u>	
Special Education Cluster:						
Special Education Grants to States	2010	84.027	160,622		160,622	
	2009				27,207	
Total Special Education Grants to States			<u>160,622</u>		<u>187,829</u>	
Special Education Grants to States - Preschool Grants	2010	84.173	225		224	
Special Education Grants to States, Recovery Act	2010	84.391	174,589		173,850	
Total Special Education Cluster			<u>496,058</u>		<u>361,903</u>	
Safe and Drug-Free Schools and Communities State Grants	2010	84.186	1,976		1,976	
	2009				1,225	
Total Safe and Drug-Free Schools and Communities State Grants			<u>1,976</u>		<u>3,201</u>	
State Grants for Innovative Programs	2009	84.298			488	
Education Technology State Grants	2010	84.318	133		1,004	
	2009		817		817	
Total Education Technology State Grants			<u>950</u>		<u>1,821</u>	
Improving Teacher Quality State Grants	2010	84.367	33,821		33,821	
	2009		(3,241)		12,553	
Total Improving Teacher Quality State Grants			<u>30,580</u>		<u>46,374</u>	
School Improvement Grants	2010	84.377	46,166		60,961	
State Fiscal Stabilization Fund (SFSF), Education State Grants, Recovery Act	2010	84.394	258,005		235,291	
Total U. S. Department of Education			<u>927,640</u>		<u>820,850</u>	
Total Federal Financial Assistance			<u>\$1,070,627</u>	<u>\$17,823</u>	<u>\$963,837</u>	<u>\$17,823</u>

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Riverside Local School District's (the District) federal award programs receipts and expenditures. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Riverside Local School District
Logan County
2096 County Road 24 South
Degraff, Ohio 43318

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Riverside Local School District, Logan County (the District), as of and for the fiscal years ended June 30, 2010 and 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Riverside Local School District
Logan County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management, the audit committee, the Board of Education, and federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 11, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Riverside Local School District
Logan County
2096 County Road 24 South
Degraff, Ohio 43318

To the Board of Education:

Compliance

We have audited the compliance of Riverside Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Riverside Local School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Riverside Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Dave Yost
Auditor of State

March 11, 2011

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control 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(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster, CFDA #84.027 and #84.391 State Fiscal Stabilization Fund – Education State Grants – Recovery Act, CFDA 84.394
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Riverside Local School District
Logan County
2096 County Road 24 South
Degraff, Ohio 43318

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Riverside Local School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting in December 18, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - 6) A procedure for documenting any prohibited incident that is reported;
 - 7) A procedure for responding to and investigating any reported incident;

- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



Dave Yost
Auditor of State

March 11, 2011



Dave Yost • Auditor of State

RIVERSIDE LOCAL SCHOOL DISTRICT

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 5, 2011