



Dave Yost • Auditor of State

**RIVERSIDE LOCAL SCHOOL DISTRICT
LAKE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Riverside Local School District
Lake County
585 Riverside Drive
Painesville, Ohio 44077

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Riverside Local School District, Lake County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Riverside Local School District, Lake County, Ohio, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361

www.ohioauditor.gov

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The federal awards receipts and expenditures schedule presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

February 25, 2014

Riverside Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

As management of the Riverside Local School District (the School District), we offer readers of the School District's financial statements this narrative and analysis of the financial activities of the School District for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- The School District's enrollment decreased from fiscal year 2012 to fiscal year 2013. As a result of this decrease, there was a decrease in School Foundation revenues from the State of Ohio.
- There are several ongoing construction projects at Hale Road Elementary. The Madison Avenue Elementary project and phone system upgrades were completed during fiscal year 2013.
- Outstanding long-term obligations decreased during fiscal year 2013 due to annual general obligation debt payments.
- The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.
- The School District initiated various expenditure reductions in the transportation department and staff levels of various positions including 25 teachers. These reductions were vital to balance the general fund budget and the level of services provided the School District also decreased. The School District continues to explore expenditure reductions, while maintaining the highest quality of education services for the school community.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-wide Financial Statements The government-wide financial statements are designed to provide the reader with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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The government-wide financial statement distinguishes functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those that are primarily supported through user charges (*business-type activities*). The business-type activities of the School District include the operation of food service, the adult education program and latchkey. The governmental activities of the School District include instruction, support services, extracurricular activities, operation of non-instructional services and interest and fiscal charges.

The government-wide financial statements can be found on pages 13 and 14-15 of this report.

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like the State and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. These fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the permanent improvement levy capital projects fund. All of the funds of the School District can be divided into three categories: governmental, proprietary and fiduciary.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District's general governmental 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 financial educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The basic governmental fund financial statements can be found on pages 16-20 of this report.

Proprietary Funds The School District maintains three enterprise funds. Proprietary funds utilize the same form of accounting as business-type activities, therefore these statements match those found in the district-wide statements.

The basic proprietary fund financial statement can be found on pages 21-23 of this report.

Fiduciary Fund A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statement because the resources of this fund are not available to support the School District's own programs. These funds use the accrual basis of accounting.

The basic fiduciary fund financial statement can be found on page 24 of this report.

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. The notes to the financial statements can be found on pages 25-50 of this report.

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's Net Position for 2013 compared to 2012.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current and Other Assets	\$35,968,326	\$33,751,827	\$544,066	\$590,363	\$36,512,392	\$34,342,190
Capital Assets, Net	19,457,716	16,777,998	326,819	307,915	19,784,535	17,085,913
<i>Total Assets</i>	<u>55,426,042</u>	<u>50,529,825</u>	<u>870,885</u>	<u>898,278</u>	<u>56,296,927</u>	<u>51,428,103</u>
Liabilities						
Current Liabilities	5,079,537	5,298,115	142,853	127,567	5,222,390	5,425,682
Long-Term Liabilities						
Due Within One Year	1,450,356	1,438,355	4,865	4,997	1,455,221	1,443,352
Due In More Than One Year	4,041,553	5,395,359	44,950	35,294	4,086,503	5,430,653
<i>Total Liabilities</i>	<u>10,571,446</u>	<u>12,131,829</u>	<u>192,668</u>	<u>167,858</u>	<u>10,764,114</u>	<u>12,299,687</u>
Deferred Inflows of Resources	<u>27,172,727</u>	<u>24,316,154</u>	<u>0</u>	<u>0</u>	<u>27,172,727</u>	<u>24,316,154</u>
Net Position						
Net Investment in Capital Assets	14,837,822	13,118,128	326,819	307,915	15,164,641	13,426,043
Restricted for:						
Capital Projects	940,654	1,595,579	0	0	940,654	1,595,579
Debt Service	491,801	495,888	0	0	491,801	495,888
Unclaimed Monies	3,142	0	0	0	3,142	0
Other Purposes	411,395	424,885	0	0	411,395	424,885
Unrestricted (Deficit)	997,055	(1,552,638)	351,398	422,505	1,348,453	(1,130,133)
<i>Total Net Position</i>	<u>\$17,681,869</u>	<u>\$14,081,842</u>	<u>\$678,217</u>	<u>\$730,420</u>	<u>\$18,360,086</u>	<u>\$14,812,262</u>

Increases in total assets can be attributed to increases in cash and cash equivalents due to a higher amount of cash on hand at year-end, increases in property tax receivable due to increases in delinquent property tax collections and capital assets due to current year additions. The increase in cash on hand at year-end can be attributed to decreases in program expenses during the year due to staffing reductions. These increases were offset by a decrease in cash with the escrow agent as well as decreases in intergovernmental receivables. The School District spent a majority of the proceeds from the capital lease issued in the prior year that was held with the escrow agent during fiscal year 2013 on the Hale Road Elementary project. The decrease in intergovernmental receivables is due to the School District having a smaller grant carryover when compared to the prior fiscal year.

Total liabilities decreased during fiscal year 2013 which can be attributed to annual payments on the School District's general obligation bonds and decreases in contracts payables. The School District had fewer outstanding obligations to be carried forward to the following fiscal year related to the ongoing construction projects than in the past.

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Table 2 shows the changes in net position for fiscal year 2013 compared to 2012.

	Table 2					
	Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program Revenues						
Charges for Services and Sales	\$1,952,187	\$1,778,425	\$1,196,159	\$1,343,364	\$3,148,346	\$3,121,789
Operating Grants, Interest and Contributions	1,589,491	1,765,160	651,874	641,882	2,241,365	2,407,042
Capital Grants, Interest and Contributions	264,645	0	0	0	264,645	0
<i>Total Program Revenues</i>	<u>3,806,323</u>	<u>3,543,585</u>	<u>1,848,033</u>	<u>1,985,246</u>	<u>5,654,356</u>	<u>5,528,831</u>
General Revenues						
Property Taxes	28,054,061	25,825,982	0	0	28,054,061	25,825,982
Grants and Entitlements	12,044,905	12,914,086	0	0	12,044,905	12,914,086
Investment Earnings	1,098	8,650	0	0	1,098	8,650
Payment in Lieu of Taxes	98,206	100,634	0	0	98,206	100,634
Gain on Compensation for Loss of Asset - Bus	6,394	0	0	0	6,394	0
Gain on Sale of Capital Assets	0	184,542	0	0	0	184,542
Miscellaneous	297,996	651,791	0	406	297,996	652,197
<i>Total General Revenues</i>	<u>40,502,660</u>	<u>39,685,685</u>	<u>0</u>	<u>406</u>	<u>40,502,660</u>	<u>39,686,091</u>
<i>Total Revenues</i>	<u>44,308,983</u>	<u>43,229,270</u>	<u>1,848,033</u>	<u>1,985,652</u>	<u>46,157,016</u>	<u>45,214,922</u>
Program Expenses						
Instruction:						
Regular	19,904,077	21,411,730	0	0	19,904,077	21,411,730
Special	4,079,945	3,992,853	0	0	4,079,945	3,992,853
Student Intervention Services	5,937	0	0	0	5,937	0
Support Services:						
Pupils	1,979,909	2,065,936	0	0	1,979,909	2,065,936
Instructional Staff	1,371,855	1,334,458	0	0	1,371,855	1,334,458
Board of Education	36,996	22,264	0	0	36,996	22,264
Administration	4,276,847	4,317,489	0	0	4,276,847	4,317,489
Fiscal	1,053,676	1,138,577	0	0	1,053,676	1,138,577
Business	0	5,331	0	0	0	5,331
Operation and Maintenance of Plant	3,296,717	3,455,919	0	0	3,296,717	3,455,919
Pupil Transportation	3,649,926	3,929,862	0	0	3,649,926	3,929,862
Central	61,762	47,347	0	0	61,762	47,347
Extracurricular Activities	776,905	812,192	0	0	776,905	812,192
Operation of Food Service	56,848	0	0	0	56,848	0
Operation of Non-Instructional Services	33,507	71,051	0	0	33,507	71,051
Interest and Fiscal Charges	124,049	122,246	0	0	124,049	122,246
Food Service	0	0	1,585,563	1,699,584	1,585,563	1,699,584
Latchkey	0	0	314,673	289,947	314,673	289,947
<i>Total Program Expenses</i>	<u>40,708,956</u>	<u>42,727,255</u>	<u>1,900,236</u>	<u>1,989,531</u>	<u>42,609,192</u>	<u>44,716,786</u>
Transfers	0	4,400	0	(4,400)	0	0
<i>Change in Net Position</i>	3,600,027	506,415	(52,203)	(8,279)	3,547,824	498,136
Net Position Beginning of Year	14,081,842	13,575,427	730,420	738,699	14,812,262	14,314,126
Net Position End of Year	<u>\$17,681,869</u>	<u>\$14,081,842</u>	<u>\$678,217</u>	<u>\$730,420</u>	<u>\$18,360,086</u>	<u>\$14,812,262</u>

The School District relies heavily upon property taxes and the State School Foundation Program to support its operations. The School District also actively solicits and receives additional grant and entitlement funds to help offset operating costs.

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For the Fiscal Year Ended June 30, 2013
Unaudited

Program expenses decreased mainly due to decreases in instructional expenses and fiscal services. Instruction expenses comprise the largest portion of all program expenses for the School District. The decrease in instructional expenses can be attributed to the School District making cuts through staffing reductions and changes in staff due to retirement and the elimination of positions. These cuts affected both certified and classified employees. The School District continues to show vigilance in monitoring all facets of spending.

The *statement of activities* shows the cost of program services and charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2013 compared to 2012.

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	2013		2012	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$19,904,077	\$18,721,619	\$21,411,730	\$18,848,179
Special	4,079,945	3,197,374	3,992,853	3,359,493
Student Intervention Services	5,937	5,937	0	1,821,276
Support Services:				
Pupils	1,979,909	1,886,414	2,065,936	1,760,917
Instructional Staff	1,371,855	876,568	1,334,458	894,289
Board of Education	36,996	36,996	22,264	22,264
Administration	4,276,847	4,107,287	4,317,489	4,024,177
Fiscal	1,053,676	1,053,676	1,138,577	1,138,577
Business	0	0	5,331	5,331
Operation and Maintenance of Plant	3,296,717	3,026,803	3,455,919	3,455,912
Pupil Transportation	3,649,926	3,649,926	3,929,862	3,756,976
Central	61,762	34,533	47,347	32,947
Extracurricular Activities	776,905	122,879	812,192	(16,337)
Operation of Food Service	56,848	3,157	0	0
Operation of Non-Instructional Services	33,507	55,415	71,051	(42,577)
Interest and Fiscal Charges	124,049	124,049	122,246	122,246
Total	\$40,708,956	\$36,902,633	\$42,727,255	\$39,183,670

The dependence upon general revenues for governmental activities is apparent from Table 3. The majority of expenses are supported through taxes and other general revenues.

Financial Analysis of the Government's Funds

Governmental Funds Information about the School District's major funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. The general fund had an increase in fund balance due to revenues exceeding expenditures in the current year. Expenditures decrease in the current fiscal year due to the School District making cuts through attrition, eliminating positions, reducing hours and trimming budget expenses. Revenues decreased in the current year due to decreases in School Foundation

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revenues due to declining enrollment numbers. The decrease was partly offset by an increase in property tax revenues due to an increase in collections during the current year. The permanent improvement levy had a decrease in fund balance which can be attributed to the ongoing construction projects during the fiscal year. The largest project during fiscal year 2013 was the Hale Road Elementary HVAC improvement project. This project was financed through a capital lease and was paid out by an escrow agent. A majority of this project was done in fiscal year 2013, but was not complete at year end.

General Fund Budgeting Highlights

The School 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 fund to be budgeted is the main operating fund of the School District, the general fund.

During the course of fiscal year 2013, the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue estimate was higher than the original budget estimate. The change was mainly attributed to an increase in property tax and intergovernmental revenues as a better picture of actual receipts and awards became apparent. The increase was partly offset by decreases in charges for services and tuition and fee projects.

The final budget appropriations were higher than the original budget appropriations of the general fund. The change was attributed to increases in debt service. The School District issued tax anticipation notes during the year that matured before year end.

Capital Assets and Long-term Liabilities

Capital Assets

Table 4 shows fiscal 2013 values compared to fiscal 2012.

Table 4
 Capital Assets at June 30

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$1,495,805	\$1,495,805	\$0	\$0	\$1,495,805	\$1,495,805
Construction in Progress	3,669,160	1,641,075	0	0	3,669,160	1,641,075
Land Improvements	1,281,557	1,379,569	0	0	1,281,557	1,379,569
Buildings and Improvements	9,623,776	8,631,876	4,439	0	9,628,215	8,631,876
Furniture and Fixtures	1,591,636	1,516,239	322,380	307,915	1,914,016	1,824,154
Vehicles	1,795,782	2,113,434	0	0	1,795,782	2,113,434
Total Capital Assets	\$19,457,716	\$16,777,998	\$326,819	\$307,915	\$19,784,535	\$17,085,913

The increase in capital assets was due to the continuation of the Hale Road Elementary HVAC project and the completion of the Madison Avenue Elementary HVAC project as well as district wide phone system and virtual network upgrades. These additions were partly offset by an additional year of depreciation. For more information about the School District's capital assets, see Note 11 to the basic financial statements.

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Debt

Table 5 below summarizes the School District's long-term obligations.

Table 5
Outstanding Long-term Obligations at June 30
Governmental Activities

	2013	2012
General Obligation Bonds	\$2,498,807	\$3,261,768
Capital Lease	2,020,863	2,500,000
Compensated Absences	972,239	1,071,946
Total	\$5,491,909	\$6,833,714

The School District's overall legal debt margin was \$81,214,484 with an unvoted debt margin of \$925,074. For more information about the School District's long-term obligations, see Note 13 to the basic financial statements.

School District Outlook

Although the budget is balanced for the next two fiscal years, the School District is entering challenging times with uncertain revenue streams. The School District utilized short term Tax Anticipation Notes in fiscal year 2013 to finance cash short falls in December to March. Fiscal year 2014 is projected to not require Tax Anticipation Notes. Fiscal year 2012 had budget reductions of \$4.3 million on the cash basis that balanced the budget for the year. More reductions were enacted for fiscal year 2013 of \$1.5 million in addition to the cuts that have become permanent from fiscal year 2012. Major reductions in expenditures in fiscal year 2012 include the reduction of transportation to the State of Ohio minimum that was enacted in fiscal year 2012, reductions in maintenance staff and tutoring staff. Major reductions in teaching staff (25 teaching positions) occur in fiscal year 2013 in addition to extracurricular activities being funded by pay to participate fees. The School District continues to make reductions in expenditures and seek new funding with operating levies. On the cash basis, the School District has a positive ending cash balance for the next two fiscal years of 2014 and 2015. Fiscal year 2016 depends on a successful passage of a Substitute Tax Levy with no increase in taxes in November of 2014. Also, the Joint Financing District levy renewal is vital for FY 2017 (from the October 2013 Board Approved Five Year Forecast).

Tangible Personal Property Tax (TPPT): The accelerated phase-out of tangible personal property taxes will create a \$708,000 permanent loss of revenue in fiscal year 2012 and an additional \$708,000 permanent loss in fiscal year 2013 (accumulated effect in fiscal year 2012 is \$1,416,000). The elimination of Tangible Personal Property taxes by House Bill 66, House Bill 1 and Senate Bill 153 is eliminating a \$3 million revenue stream for the School District which is a substantial portion of a \$39 million general fund budget. The elimination of this local tax will place a greater burden on residential taxpayers for future tax levies since TPPT valuation is removed from the total valuation of the School District. In other words, residential taxpayers were paying 79 percent of the tax base for the School District prior to the elimination of TPPT in 2004. Currently, residential taxpayers are paying 85 percent of the total tax base after the removal of the TPPT valuation. Future tax levies will also require a larger millage since the TPPT valuation was removed from the tax base, which also places a great burden on all local taxpayers.

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For the Fiscal Year Ended June 30, 2013
Unaudited

The environment of local support for new levies is a volatile situation in conjunction with the current recession in the State of Ohio. The School District has attempted various operating levies on the ballot in the past three years with no success for new funding. As a result, the reductions in expenditures as listed above are a reality. The School District continues to address the very challenging aspects of reducing overall expenditures with a minimal impact in the classroom. The \$4 million of reductions in fiscal year 2012 (as mentioned above) includes the reduction of transportation to the State minimum which is extremely challenging to a School District that covers 65 square miles, school locations by railroads and rivers, and rural roads. The reductions to balance fiscal year 2013 directly affect the classroom and students. The School District is continuously seeking savings in expenditures such as: the Energy Education Program which is saving substantial amounts in utility costs; increases in employee portions of health insurance premiums which now range from 18 percent to 23 percent depending on the consortium plan selection; and true freezes on wages with no step increases or educational degree changes. Certified staff (teachers) wages are frozen for fiscal year 2012 to fiscal year 2014; the classified staff wages are frozen from fiscal year 2011 to fiscal year 2014; and administration wages have been frozen since fiscal year 2011.

State formula funding will increase in fiscal year 2014 and fiscal year 2015, but the burden of funding is still placed on local taxpayers. The new State funding formula provides \$5,745 per student in fiscal year 2014 and \$5,800 per student in fiscal year 2015. With 4,750 students the funding would be \$27,288,750 in fiscal year 2014 and \$27,550,000. However, the State Formula applies various indexes that reduce the State funding in wealthy districts such as Riverside Local School District. State funding for fiscal year 2014 is \$6,792,045 and \$7,505,210 for fiscal year 2015 resulting in \$1,430 per student in fiscal year 2014 and \$1,580 in fiscal year 2015. Direct deductions for community schools, open enrollment, post-secondary option and other deductions reduce the funding from \$6,792,045 in fiscal year 2014 to an unrestricted amount of \$4,006,071 (\$843 per student) for the School District to utilize in general operations.

Fiscal year 2013 is a revaluation year in regards to real estate taxes where valuations decreased 8 percent with an overall decrease of 2 percent in real estate tax revenue for the School District. These valuation adjustments are reflected in the projections for various revenue items in the 2013 October Board Approved Five Year Forecast. The School District utilizes the five year forecast to plan for the future and present various funding scenarios. This includes an in-depth analysis of revenue resources including the analysis of property values and property sale trends. Expenditures are projected based on future anticipated savings from staff reductions and expenditure reductions.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Michael A. Rock, Treasurer/CFO, Riverside Local School District, 585 Riverside Drive, Painesville, Ohio 44077 or email at mike.rock@riversideschools.net.

Basic Financial Statements

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Riverside Local School District

Statement of Net Position

June 30, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,561,854	\$528,787	\$5,090,641
Cash and Cash Equivalents With Escrow Agents	112,628	0	112,628
Accounts Receivable	8,594	0	8,594
Intergovernmental Receivable	203,920	0	203,920
Inventory Held for Resale	0	9,192	9,192
Materials and Supplies Inventory	138,744	6,087	144,831
Property Taxes Receivable	30,942,586	0	30,942,586
Nondepreciable Capital Assets	5,164,965	0	5,164,965
Depreciable Capital Assets, Net	14,292,751	326,819	14,619,570
<i>Total Assets</i>	<u>55,426,042</u>	<u>870,885</u>	<u>56,296,927</u>
Liabilities			
Accounts Payable	215,308	7,283	222,591
Accrued Wages and Benefits	3,368,649	64,812	3,433,461
Contracts Payable	58,152	0	58,152
Retainage Payable	45,297	0	45,297
Intergovernmental Payable	1,054,869	70,758	1,125,627
Matured Compensated Absences Payable	260,267	0	260,267
Accrued Interest Payable	9,091	0	9,091
Matured Special Termination Benefits Payable	67,904	0	67,904
Long-Term Liabilities:			
Due Within One Year	1,450,356	4,865	1,455,221
Due in More Than One Year	4,041,553	44,950	4,086,503
<i>Total Liabilities</i>	<u>10,571,446</u>	<u>192,668</u>	<u>10,764,114</u>
Deferred Inflows of Resources			
Property Taxes	27,172,727	0	27,172,727
Net Position			
Net Investment in Capital Assets	14,837,822	326,819	15,164,641
Restricted for:			
Capital Projects	940,654	0	940,654
Debt Service	491,801	0	491,801
Unclaimed Monies	3,142	0	3,142
Other Purposes	411,395	0	411,395
Unrestricted	997,055	351,398	1,348,453
<i>Total Net Position</i>	<u>\$17,681,869</u>	<u>\$678,217</u>	<u>\$18,360,086</u>

See accompanying notes to the basic financial statements

Riverside Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2013

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions	Capital Grants, Interest and Contributions
Governmental Activities				
Instruction:				
Regular	\$19,904,077	\$1,060,558	\$121,900	\$0
Special	4,079,945	192,678	689,893	0
Student Intervention Services	5,937	0	0	0
Support Services:				
Pupils	1,979,909	0	93,495	0
Instructional Staff	1,371,855	478	494,809	0
Board of Education	36,996	0	0	0
Administration	4,276,847	47,160	122,400	0
Fiscal	1,053,676	0	0	0
Operation and Maintenance of Plant	3,296,717	5,269	0	264,645
Pupil Transportation	3,649,926	0	0	0
Central	61,762	12,829	14,400	0
Extracurricular Activities	776,905	633,215	20,811	0
Operation of Non-Instructional Services:				
Food Service Operations	56,848	0	1,433	0
Other Non-Instructional Services	33,507	0	30,350	0
Interest and Fiscal Charges	124,049	0	0	0
<i>Total Governmental Activities</i>	40,708,956	1,952,187	1,589,491	264,645
Business-Type Activities				
Food Service	1,585,563	829,945	651,874	0
Latchkey	314,673	366,214	0	0
<i>Total Business-Type Activities</i>	1,900,236	1,196,159	651,874	0
<i>Totals</i>	\$42,609,192	\$3,148,346	\$2,241,365	264,645

General Revenues

Property Taxes Levied for:
General Purposes
Debt Service
Capital Outlay
Educational Programs and Services
Grants and Entitlements not Restricted
to Specific Programs
Investment Earnings
Payment in Lieu of Taxes
Gain on Disposal of Capital Asset
Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net Revenue/(Expense)
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$18,721,619)	\$0	(\$18,721,619)
(3,197,374)	0	(3,197,374)
(5,937)	0	(5,937)
(1,886,414)	0	(1,886,414)
(876,568)	0	(876,568)
(36,996)	0	(36,996)
(4,107,287)	0	(4,107,287)
(1,053,676)	0	(1,053,676)
(3,026,803)	0	(3,026,803)
(3,649,926)	0	(3,649,926)
(34,533)	0	(34,533)
(122,879)	0	(122,879)
(55,415)	0	(55,415)
(3,157)	0	(3,157)
(124,049)	0	(124,049)
(36,902,633)	0	(36,902,633)
0	(103,744)	(103,744)
0	51,541	51,541
0	(52,203)	(52,203)
(36,902,633)	(52,203)	(36,954,836)
23,441,407	0	23,441,407
709,062	0	709,062
1,375,920	0	1,375,920
2,527,672	0	2,527,672
12,044,905	0	12,044,905
1,098	0	1,098
98,206	0	98,206
6,394	0	6,394
297,996	0	297,996
40,502,660	0	40,502,660
3,600,027	(52,203)	3,547,824
14,081,842	730,420	14,812,262
\$17,681,869	\$678,217	\$18,360,086

Riverside Local School District

*Balance Sheet
Governmental Funds
June 30, 2013*

	General	Permanent Improvement Levy	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,088,554	\$649,408	\$820,750	\$4,558,712
Cash and Cash Equivalents With Escrow Agents	0	112,628	0	112,628
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	3,142	0	0	3,142
Accounts Receivable	8,594	0	0	8,594
Intergovernmental Receivable	115,869	0	88,051	203,920
Property Taxes Receivable	26,190,805	1,498,415	3,253,366	30,942,586
Materials and Supplies Inventory	138,744	0	0	138,744
<i>Total Assets</i>	<u>\$29,545,708</u>	<u>\$2,260,451</u>	<u>\$4,162,167</u>	<u>\$35,968,326</u>
Liabilities				
Accounts Payable	\$191,919	\$0	\$23,389	\$215,308
Accrued Wages and Benefits	3,238,397	0	130,252	3,368,649
Contracts Payable	0	58,152	0	58,152
Retainage Payable	0	45,297	0	45,297
Intergovernmental Payable	1,011,368	0	43,501	1,054,869
Matured Compensated Absences Payable	260,267	0	0	260,267
Matured Special Termination Benefits Payable	67,904	0	0	67,904
<i>Total Liabilities</i>	<u>4,769,855</u>	<u>103,449</u>	<u>197,142</u>	<u>5,070,446</u>
Deferred Inflows of Resources				
Property Taxes	22,982,674	1,316,572	2,873,481	27,172,727
Unavailable Revenue	1,647,147	87,080	302,601	2,036,828
<i>Total Deferred Inflows of Resources</i>	<u>24,629,821</u>	<u>1,403,652</u>	<u>3,176,082</u>	<u>29,209,555</u>
Fund Balances:				
Nonspendable	3,142	0	0	3,142
Restricted	0	753,350	695,311	1,448,661
Assigned	142,890	0	211,330	354,220
Unassigned (Deficit)	0	0	(117,698)	(117,698)
<i>Total Fund Balances</i>	<u>146,032</u>	<u>753,350</u>	<u>788,943</u>	<u>1,688,325</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$29,545,708</u>	<u>\$2,260,451</u>	<u>\$4,162,167</u>	<u>\$35,968,326</u>

See accompanying notes to the basic financial statements

Riverside Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2013*

Total Governmental Funds Balances	\$1,688,325
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,457,716
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
Delinquent Property Taxes	1,948,777
Intergovernmental	<u>88,051</u>
Total	2,036,828
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(9,091)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	(2,498,807)
Compensated Absences	(972,239)
Capital Lease Payable	<u>(2,020,863)</u>
Total	<u>(5,491,909)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$17,681,869</u></u>
 See accompanying notes to the basic financial statements	

Riverside Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General	Permanent Improvement Levy	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$22,712,996	\$1,343,638	\$3,144,906	\$27,201,540
Intergovernmental	11,940,505	264,645	1,530,357	13,735,507
Interest	1,044	32	22	1,098
Charges for Services	311,743	0	0	311,743
Tuition and Fees	1,160,348	0	0	1,160,348
Extracurricular Activities	153,355	0	321,472	474,827
Rentals	5,269	0	0	5,269
Contributions and Donations	54,672	0	20,811	75,483
Payment in Lieu of Taxes	98,206	0	0	98,206
Miscellaneous	271,941	26,055	0	297,996
<i>Total Revenues</i>	<u>36,710,079</u>	<u>1,634,370</u>	<u>5,017,568</u>	<u>43,362,017</u>
Expenditures				
Current:				
Instruction:				
Regular	17,067,712	0	2,549,146	19,616,858
Special	3,386,662	0	720,176	4,106,838
Student Intervention Services	5,937	0	0	5,937
Support Services:				
Pupils	1,878,668	0	100,288	1,978,956
Instructional Staff	852,356	0	515,911	1,368,267
Board of Education	36,483	0	0	36,483
Administration	4,067,698	0	148,134	4,215,832
Fiscal	1,083,856	0	8,830	1,092,686
Operation and Maintenance of Plant	2,968,936	0	0	2,968,936
Pupil Transportation	3,206,371	0	0	3,206,371
Central	47,362	0	14,400	61,762
Extracurricular Activities	301,363	0	353,248	654,611
Operation of Non-Instructional Services:				
Food Service Operations	39,639	0	1,168	40,807
Other Non-Instructional Services	0	0	33,507	33,507
Capital Outlay	0	4,009,765	0	4,009,765
Debt Service:				
Principal Retirement	0	479,137	762,961	1,242,098
Interest and Fiscal Charges	6,139	50,474	109,897	166,510
<i>Total Expenditures</i>	<u>34,949,182</u>	<u>4,539,376</u>	<u>5,317,666</u>	<u>44,806,224</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,760,897</u>	<u>(2,905,006)</u>	<u>(300,098)</u>	<u>(1,444,207)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	17,500	0	17,500
Compensation for Loss of Asset - Bus	0	22,178	0	22,178
Transfers In	0	0	62,180	62,180
Transfers Out	0	(62,180)	0	(62,180)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(22,502)</u>	<u>62,180</u>	<u>39,678</u>
<i>Net Change in Fund Balances</i>	1,760,897	(2,927,508)	(237,918)	(1,404,529)
<i>Fund Balances Beginning of Year</i>	<u>(1,614,865)</u>	<u>3,680,858</u>	<u>1,026,861</u>	<u>3,092,854</u>
<i>Fund Balances End of Year</i>	<u>\$146,032</u>	<u>\$753,350</u>	<u>\$788,943</u>	<u>\$1,688,325</u>

See accompanying notes to the basic financial statements

Riverside Local School District
*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, 2013*

Net Change in Fund Balances - Total Governmental Funds (\$1,404,529)

*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 capital outlay exceeded depreciation in the current period.

Capital Asset Additions	3,709,461
Current Year Depreciation	<u>(993,703)</u>

Total	2,715,758
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Governmental Funds only report the disposal of capital assets to the extent proceeds received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (36,040)

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

Delinquent Property Taxes	852,521
Intergovernmental	<u>88,051</u>

Total	940,572
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Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,242,098

Some expenses reported in the statement of activities, such as accrued interest do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 42,461

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. 99,707

Change in Net Position of Governmental Activities \$3,600,027

See accompanying notes to the basic financial statements

Riverside Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$22,565,892	\$23,055,944	\$23,055,944	\$0
Intergovernmental	11,679,312	11,842,829	11,842,829	0
Interest	2,000	769	1,044	275
Charges for Services	531,000	307,281	311,743	4,462
Tuition and Fees	1,371,681	1,120,625	1,132,849	12,224
Rentals	8,190	5,269	5,269	0
Payment in Lieu of Taxes	100,000	98,206	98,206	0
Miscellaneous	201,060	190,380	211,797	21,417
<i>Total Revenues</i>	<u>36,459,135</u>	<u>36,621,303</u>	<u>36,659,681</u>	<u>38,378</u>
Expenditures				
Current:				
Instruction:				
Regular	18,152,652	17,104,065	17,056,931	47,134
Special	3,232,346	3,397,975	3,397,974	1
Student Intervention Services	64,173	18,413	18,413	0
Support Services:				
Pupils	1,703,840	1,890,867	1,890,867	0
Instructional Staff	918,351	900,918	900,918	0
Board of Education	31,675	36,490	36,483	7
Administration	4,076,669	3,934,972	3,924,239	10,733
Fiscal	1,123,039	1,088,659	1,087,800	859
Operation and Maintenance of Plant	3,387,776	3,023,833	3,015,978	7,855
Pupil Transportation	3,096,689	3,325,255	3,301,389	23,866
Central	1,121	22,704	22,703	1
Extracurricular Activities	329,167	317,086	317,086	0
Operation of Non-Instructional Services:				
Food Service Operations	25,050	40,104	40,104	0
Other Non-Instructional Services	0	50,000	0	50,000
Debt Service:				
Principal Retirement	0	2,000,000	2,000,000	0
Interest and Fiscal Charges	0	6,139	6,139	0
<i>Total Expenditures</i>	<u>36,142,548</u>	<u>37,157,480</u>	<u>37,017,024</u>	<u>140,456</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	316,587	(536,177)	(357,343)	178,834
Other Financing Sources				
Tax Anticipation Notes Issued	0	2,000,000	2,000,000	0
<i>Net Change in Fund Balance</i>	316,587	1,463,823	1,642,657	178,834
<i>Fund Balance Beginning of Year</i>	752,617	752,617	752,617	0
Prior Year Encumbrances Appropriated	113,835	113,835	113,835	0
<i>Fund Balance End of Year</i>	<u>\$1,183,039</u>	<u>\$2,330,275</u>	<u>\$2,509,109</u>	<u>\$178,834</u>

See accompanying notes to the basic financial statements

Riverside Local School District*Statement of Fund Net Position**Enterprise Funds**June 30, 2013*

	<u>Food Service</u>	<u>Adult Education</u>	<u>Latchkey</u>	<u>Total</u>
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$175,697	\$936	\$352,154	\$528,787
Inventory Held for Resale	9,192	0	0	9,192
Materials and Supplies Inventory	6,087	0	0	6,087
<i>Total Current Assets</i>	190,976	936	352,154	544,066
<i>Noncurrent Assets:</i>				
Depreciable Capital Assets, Net	326,819	0	0	326,819
<i>Total Assets</i>	517,795	936	352,154	870,885
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	728	0	6,555	7,283
Accrued Wages and Benefits	63,310	0	1,502	64,812
Intergovernmental Payable	70,408	0	350	70,758
Compensated Absences Payable	130	0	4,735	4,865
<i>Total Current Liabilities</i>	134,576	0	13,142	147,718
<i>Long-Term Liabilities (net of current portion):</i>				
Compensated Absences Payable	36,338	0	8,612	44,950
<i>Total Liabilities</i>	170,914	0	21,754	192,668
Net Position				
Investment in Capital Assets	326,819	0	0	326,819
Unrestricted	20,062	936	330,400	351,398
<i>Total Net Position</i>	\$346,881	\$936	\$330,400	\$678,217

See accompanying notes to the basic financial statements

Riverside Local School District
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Enterprise Funds
For the Fiscal Year Ended June 30, 2013*

	<u>Food Service</u>	<u>Adult Education</u>	<u>Latchkey</u>	<u>Total Enterprise Funds</u>
Operating Revenues				
Charges for Services	\$829,945	\$0	\$366,214	\$1,196,159
Operating Expenses				
Salaries	521,834	0	209,187	731,021
Fringe Benefits	322,025	0	59,756	381,781
Purchased Services	38,417	0	20,309	58,726
Materials and Supplies	672,233	0	25,421	697,654
Depreciation	31,054	0	0	31,054
<i>Total Operating Expenses</i>	<u>1,585,563</u>	<u>0</u>	<u>314,673</u>	<u>1,900,236</u>
<i>Operating Income (Loss)</i>	(755,618)	0	51,541	(704,077)
Non-Operating Revenue				
Operating Grants	651,874	0	0	651,874
<i>Change in Net Position</i>	(103,744)	0	51,541	(52,203)
<i>Net Position Beginning of Year</i>	<u>450,625</u>	<u>936</u>	<u>278,859</u>	<u>730,420</u>
<i>Net Position End of Year</i>	<u><u>\$346,881</u></u>	<u><u>\$936</u></u>	<u><u>\$330,400</u></u>	<u><u>\$678,217</u></u>

See accompanying notes to the basic financial statements

Riverside Local School District
Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			
	Food Service	Adult Education	Latchkey	Total Enterprise Funds
Cash Flows from Operating Activities				
Cash Received from Customers	\$856,156	\$0	\$366,214	\$1,222,370
Cash Payments to Employees for Services	(520,281)	0	(198,997)	(719,278)
Cash Payments for Employee Benefits	(307,967)	0	(53,144)	(361,111)
Cash Payments to Suppliers for Goods and Services	(709,477)	0	(52,248)	(761,725)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(681,569)	0	61,825	(619,744)
Cash Flows from Noncapital Financing Activities				
Operating Grants Received	651,874	0	0	651,874
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(49,958)	0	0	(49,958)
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(79,653)	0	61,825	(17,828)
<i>Cash and Cash Equivalents Beginning of Year</i>	255,350	936	290,329	546,615
<i>Cash and Cash Equivalents End of Year</i>	\$175,697	\$936	\$352,154	\$528,787
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	(\$755,618)	\$0	\$51,541	(\$704,077)
Adjustments:				
Depreciation	31,054	0	0	31,054
Increase (Decrease) in Assets:				
Interfund Receivable	26,211	0	0	26,211
Inventory Held for Resale	(9,192)	0	0	(9,192)
Materials and Supplies Inventory	11,450	0	0	11,450
Increase (Decrease) in Liabilities:				
Accounts Payable	(1,085)	0	(256)	(1,341)
Accrued Wages	25,181	0	1,502	26,683
Compensated Absences Payable	836	0	8,688	9,524
Intergovernmental Payable	(10,406)	0	350	(10,056)
<i>Total Adjustments</i>	74,049	0	10,284	84,333
<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$681,569)	\$0	\$61,825	(\$619,744)

See accompanying notes to the basic financial statements

Riverside Local School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

Assets

Equity in Pooled Cash and Cash Equivalents	\$92,575
Cash and Cash Equivalents in Segregated Accounts	<u>10,848</u>

<i>Total Assets</i>	<u><u>103,423</u></u>
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Liabilities

Due to Students	\$92,575
Due to Employees	<u>10,848</u>

<i>Total Liabilities</i>	<u><u>\$103,423</u></u>
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See accompanying notes to the basic financial statements

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 1 - Description of the School District and Reporting Entity

Riverside Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a five-member elected Board of Education and is responsible for the provision of public education to residents of the School District. The School District is located in Lake County

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's six elementary schools, middle school, junior high school and high school staffed by 203 classified employees, 261 certificated employees who provide services to 4,727 students and other community members.

Reporting Entity

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

Non-public Schools - Within the School District boundaries, Hershey Montessori School is operated in Concord Township. Current State legislature provides funding to this non-public school. These monies are received and disbursed on behalf of the non-public school by the Treasurer of the School District, as directed by the non-public school. These transactions are reported in a special revenue fund and as a governmental activity of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The School District participates in two jointly governed organizations, an insurance purchasing pool and a claims servicing pool. The organizations are the Lake Geauga Computer Association and the Ohio Schools' Council Association, the Ohio School Boards' Association Workers' Compensation Group Rating Program and the Health Care Benefits Program of Lake County Council. These organizations are presented in Notes 16, 17 and 18 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between those activities of the School District that are governmental and those that are considered business-type.

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School 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 charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Permanent Improvement Levy The permanent improvement levy capital projects fund accounts for and reports restricted property taxes for capital project purposes.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The School District only has enterprise funds.

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District accounts for three enterprise funds. The food services enterprise fund accounts for the financial transactions related to the food service operations of the School District. The adult education program accounts for the financial transactions related to the adult education program. The latchkey enterprise fund accounts for the financial transactions related to the latchkey program.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. 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 School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds accounts for student activities and employee flexible spending.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources, generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (e.g., revenues and other financing sources) and uses (e.g., 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.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 and the statement presented for the fiduciary fund are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

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 School District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied (See Note 8). 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 year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange 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, interest, tuition, grants, fees and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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.

Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

The School District has an escrow bank account for monies held from the School District's central bank account related to the lease proceeds for the Hale Road Elementary improvements. The balance in this account is presented as "cash and cash equivalents with escrow agent."

During fiscal year 2013, investments were limited to STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold for on June 30, 2013.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$1,044, which includes \$318 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies and donated and purchased food held for resale.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These 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 position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School District does not possess any infrastructure. 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 capitalized.

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20 - 40 years	N/A
Building and Improvements	10 - 80 years	10 - 80 years
Furniture and Fixtures	5 - 10 years	5 - 10 years
Vehicles	10 - 15 years	N/A

Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees at least fifty-five years of age with at least ten years of service.

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee who has accumulated unpaid leave is paid.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the proprietary funds are reported on the proprietary fund 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, and are reported as obligations of the funds. However, claims and judgments and 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 fiscal year. Bonds are recognized as a liability on the fund financial statements when due.

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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 and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education, delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists 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 position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for auxiliary services and extracurricular activities.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for food service, adult education and latchkey programs. Operating expenses are necessary costs that are incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as non-operating.

Estimates

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

Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, 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 amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. The Treasurer has been given the authority to allocate board appropriations to the function and object levels within each fund.

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

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

Note 3 – Change in Accounting Principles

For 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements,” Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB 14 and 34,” Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,” Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” Statement No. 65, “Items Previously Reported as Assets and Liabilities,” and Statement No. 66 “Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62.”

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any changes in the School District’s financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units’ presentation and certain disclosure requirements. These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related not disclosures. These changes were incorporated in the School District’s 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District’s 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District’s financial statements.

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 4 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Permanent Improvement Levy	Other Governmental Funds	Total
<i>Nonspendable</i>				
Unclaimed Funds	\$3,142	\$0	\$0	\$3,142
<i>Restricted for</i>				
Educational Programs and Services	\$0	\$0	\$116,121	\$116,121
Athletics	0	0	116,335	116,335
Auxiliary Services	0	0	5,911	5,911
Student Programs	0	0	301	301
Debt Service Payments	0	0	456,643	456,643
Capital Improvements	0	753,350	0	753,350
<i>Total Restricted</i>	<u>0</u>	<u>753,350</u>	<u>695,311</u>	<u>1,448,661</u>
<i>Assigned to</i>				
Capital Improvements	0	0	211,330	211,330
Student Programs	142,890	0	0	142,890
<i>Total Assigned</i>	<u>142,890</u>	<u>0</u>	<u>211,330</u>	<u>354,220</u>
<i>Unassigned (Deficit)</i>	<u>0</u>	<u>0</u>	<u>(117,698)</u>	<u>(117,698)</u>
<i>Total Fund Balances</i>	<u><u>\$146,032</u></u>	<u><u>\$753,350</u></u>	<u><u>\$788,943</u></u>	<u><u>\$1,688,325</u></u>

Note 5 – Accountability

Fund balances at June 30, 2013, included the following individual fund deficits:

<i>Special Revenue Funds</i>	
Title VI-B	\$66,537
Title I	37,394
Class Size Reduction	13,767

The special revenue funds' deficit balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur.

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 6 - Budgetary Basis of Accounting

While the School District is 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, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Proceeds from Tax Anticipation Notes are operating transactions (budget) rather than balance sheet transactions (GAAP).
4. Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balance (GAAP).
5. Budgetary revenues and expenditures of the public school support fund are classified to general fund for GAAP Reporting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund:

Net Change in Fund Balance	
	General
GAAP Basis	\$1,760,897
Net Adjustment for Revenue Accruals	229,223
Tax Anticipation Notes Proceeds	2,000,000
Perspective Difference:	
Public School Support	(4,670)
Net Adjustment for Expenditure Accruals	(1,987,459)
Encumbrances	(355,334)
Budget Basis	\$1,642,657

Note 7 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

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

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Inactive deposits are public deposits that the Board 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 held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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 securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,167,289 of the School District's bank balance of \$3,428,137 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2013, the School District had STAR Ohio as the only investment with an amount of \$1,953,068 and a maturity of 57.5 days. The investment is an internal investment pool.

Interest Rate Risk. As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Note 8 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Lake County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2013 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 were levied to finance current fiscal year operations are 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 deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2013, was \$1,560,984 in the general fund, \$116,121 in the joint financing district special revenue fund, \$49,214 in the bond retirement fund and \$94,763 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2012, was \$1,903,932 in the general fund, \$143,345 in the joint financing district special revenue fund, \$58,731 in the bond retirement fund and \$113,710 in the permanent improvement capital projects fund.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$973,187,920	97.93%	\$902,855,880	97.60%
Public Utility Personal	20,526,840	2.07	22,217,990	2.40
Total	\$993,714,760	100.00%	\$925,073,870	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$55.79		\$54.75	

Note 9 – Lake County School Financing District

The Board of Education of the Lake County Educational Service Center has, by a resolution adopted February 6, 1990, pursuant to Section 3311.50 of the Ohio Revised Code, created a county school financing district known as the Lake County School Financing District (the “Financing District”) for the purpose of levying taxes for the provision of the following specified educational programs and services by the school districts that are part of the Financing District: the provision of necessary personnel, materials, supplies and transportation for instruction in language arts, social studies, mathematics, fine and practical arts, health and physical education, science and business education.

The Board of Education of the Lake County Educational Service Center acts as the taxing authority of the Financing District pursuant to Section 3311.50 of the Ohio Revised Code. The Financing District receives settlements of taxes levied and distributes them within ten days to each of the member school district’s proportionate share of that tax settlement. Each member district’s proportionate share is a fraction, the numerator being the member district’s total pupil population of all member districts as of that date.

Property taxes collected by the Financing District available to the School District at June 30 are recorded in the same manner and included with property taxes receivable. Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable,

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations are 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 deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Note 10 - Receivables

Receivables at June 30, 2013, consisted of taxes and intergovernmental grants. 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. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Bureau of Workers' Compensation	\$84,849
Title I Grant	37,174
Title IV-B Grant	31,494
Ohio Job and Family Services	20,666
Improving Teacher Quality Grant	19,383
Painesville City School District	9,277
Lake County Educational Service Center	1,077
Total	\$203,920

Note 11 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities				
<i>Capital Assets not being Depreciated:</i>				
Land	\$1,495,805	\$0	\$0	\$1,495,805
Construction in Progress	1,641,075	3,157,434	(1,129,349)	3,669,160
<i>Total Capital Assets not being Depreciated</i>	3,136,880	3,157,434	(1,129,349)	5,164,965
<i>Capital assets being Depreciated:</i>				
Land Improvements	2,657,768	0	0	2,657,768
Buildings and Improvements	15,845,919	1,346,294	0	17,192,213
Furniture and Fixtures	4,486,036	291,425	0	4,777,461
Vehicles	5,404,445	43,657	(522,200)	4,925,902
<i>Total Capital Assets being Depreciated</i>	\$28,394,168	\$1,681,376	(\$522,200)	\$29,553,344

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities (continued)				
Less Accumulated Depreciation:				
Land Improvements	(\$1,278,199)	(\$98,012)	\$0	(\$1,376,211)
Buildings and Improvements	(7,214,043)	(354,394)	0	(7,568,437)
Furniture and Fixtures	(2,969,797)	(216,028)	0	(3,185,825)
Vehicles	(3,291,011)	(325,269)	486,160	(3,130,120)
<i>Total Accumulated Depreciation</i>	<u>(14,753,050)</u>	<u>(993,703) *</u>	<u>486,160</u>	<u>(15,260,593)</u>
<i>Depreciable Capital Assets, Net of Accumulated Depreciation</i>	<u>13,641,118</u>	<u>687,673</u>	<u>(36,040)</u>	<u>14,292,751</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$16,777,998</u>	<u>\$3,845,107</u>	<u>(\$1,165,389)</u>	<u>\$19,457,716</u>
Business-Type Activities				
Buildings and Improvements	\$0	\$4,553	\$0	\$4,553
Furniture and Fixtures	640,042	45,405	0	685,447
<i>Total Capital Assets being Depreciated</i>	<u>640,042</u>	<u>49,958</u>	<u>0</u>	<u>690,000</u>
Less Accumulated Depreciation:				
Buildings and Improvements	0	(114)	0	(114)
Furniture and Fixtures	(332,127)	(30,940)	0	(363,067)
<i>Total Accumulated Depreciation</i>	<u>(332,127)</u>	<u>(31,054)</u>	<u>0</u>	<u>(363,181)</u>
<i>Business-Type Activities Capital Assets, Net</i>	<u>\$307,915</u>	<u>\$18,904</u>	<u>\$0</u>	<u>\$326,819</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	\$281,136
Support Services	
Board of Education	394
Administration	48,047
Fiscal	637
Operation and Maintenance of Plant	250,215
Pupil Transportation	307,971
Operation of Food Service	11,390
Extracurricular Activities	93,913
Total Depreciation Expense	<u>\$993,703</u>

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 12 – Fund Obligations

The School District’s note activity, including amount outstanding and interest rate is as follows:

	Outstanding June 30, 2012	Additions	Deletions	Outstanding June 30, 2013
2012 0.85% Tax Revenue Anticipation Notes	\$0	\$2,000,000	\$2,000,000	\$0
Total Fund Obligations	\$0	\$2,000,000	\$2,000,000	\$0

On December 14, 2012, the School District issued \$2,000,000 in tax revenue anticipation notes for current operations of the School District. The interest rate is 0.85 percent and the notes matured on June 15, 2013. The tax revenue anticipation notes were paid from the general fund with property tax revenues.

Note 13 – Long-Term Obligations

Original issue amounts and interest rates of the School District’s debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
2003 School Improvement Refunding Bonds:			
Serial Bonds	2.00% to 3.15%	\$5,420,000	2005 to 2014
Term Bonds	4.00%	1,545,000	2015
2005 General Obligation Bonds			
Serial Bonds	5.33%	541,002	2006 to 2015

Changes in long-term obligations of the School District during fiscal year 2013 were as follows:

	Principal Outstanding June 30, 2012	Additions	Deductions	Principal Outstanding June 30, 2013	Amount Due in One Year
Governmental Activities					
2003 School Improvement Refunding Bonds					
Serial Bonds	\$1,450,000	\$0	(\$715,000)	\$735,000	\$735,000
Term Bonds	1,545,000	0	0	1,545,000	0
Total 2003 School Improvement Refunding Bonds	2,995,000	0	(715,000)	2,280,000	735,000
2005 General Obligation Bonds					
Serial Bonds	266,768	0	(47,961)	218,807	50,518
<i>Total General Obligation Bonds</i>	<u>3,261,768</u>	<u>0</u>	<u>(762,961)</u>	<u>2,498,807</u>	<u>785,518</u>
Other Long-term Obligations					
Capital Lease	2,500,000	0	(479,137)	2,020,863	489,349
Compensated Absences	1,071,946	96,550	(196,257)	972,239	175,489
<i>Total Other Long-term Obligations</i>	<u>3,571,946</u>	<u>96,550</u>	<u>(675,394)</u>	<u>2,993,102</u>	<u>664,838</u>
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$6,833,714</u>	<u>\$96,550</u>	<u>(\$1,438,355)</u>	<u>\$5,491,909</u>	<u>\$1,450,356</u>

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

	Principal Outstanding June 30, 2012	Additions	Deductions	Principal Outstanding June 30, 2013	Amount Due in One Year
Business-Type Activities					
Compensated Absences	\$40,291	\$14,521	(\$4,997)	\$49,815	\$4,865

On June 4, 2003, the School District issued \$7,730,000 in general obligation bonds to refund the 1993 special improvement bonds. The general obligation bonds included serial, term and capital appreciation (deep discount) bonds in the amount of \$5,420,000, \$1,545,000 and \$765,000, respectively. The bonds were issued for a twelve year period with a final maturity at December 1, 2015. The bonds will be retired from the debt service fund.

The refunding bonds were sold at a premium of \$474,730. Net proceeds of \$8,073,931 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$2,430,000 of these bonds is considered defeased and the liability for the refund portion of these bonds has been removed from the School District's financial statements.

On June 23, 2005, the School District issued \$541,002 in general obligation bonds for the purchase of land. The bonds were issued for a ten year period with a final maturity at December 23, 2015. The bonds will be retired from the debt service fund.

Compensated absences will be paid from the general fund, the title VI-B, title I and improving teacher quality grants special revenue funds and the food service and latchkey enterprise funds. The capital lease will be repaid from the permanent improvement levy capital projects fund.

The overall debt margin of the School District as of June 30, 2013, was \$81,214,484 with an unvoted debt margin of \$925,074. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2013, are as follows:

Fiscal Year Ending June 30	General Obligation Bonds			
	Serial		Term	
	Principal	Interest	Principal	Interest
2014	\$785,518	\$23,238	\$0	\$0
2015	168,289	8,970	760,000	46,600
2016	0	0	785,000	15,700
Total	\$953,807	\$32,208	\$1,545,000	\$62,300

Note 14 – Capital Lease

During fiscal year 2012, the School District entered into a capitalized lease obligation for the construction of HVAC and electrical equipment at Hale Road Elementary School. This lease meets criteria for a capital lease and has been recorded on the government-wide statements.

The lease agreement for the improvements at Hale Road Elementary School identified FirstMerit Bank as the escrow agent for the lease proceeds (\$2,500,000). As of June 30, 2013, the School District has drawn down a total of \$2,387,372 on the proceeds in the escrow account leaving a balance of \$112,628. The amount drawn down has been capitalized as Construction in Progress.

Riverside Local School District
Notes to the Basic Financial Statements
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The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2013.

Fiscal Year Ending June 30,	Governmental Activities
2014	\$529,611
2015	529,611
2016	529,611
2017	529,611
Total Minimum Lease Payments	2,118,444
Less: Amount Representing Interest	(97,581)
Present Value of Net Minimum Lease Payments	\$2,020,863

Note 15 - Interfund Transfers

The permanent improvement levy capital project fund made a transfer of \$62,180 to the debt service fund to assist with the retirement of related debt.

Note 16 - Jointly Governed Organizations

Lake Geauga Computer Association The Lake Geauga Computer Association (LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The Board exercises total control over operations of the LGCA including the budgetary, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. LGCA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. In fiscal year 2013, the School District paid \$141,212 to the LGCA. Financial information can be obtained from: Lake Geauga Computer Association, 8221 Auburn Road, Painesville, Ohio 44077.

Ohio Schools' Council Association The Ohio Schools' Council Association (Council) is a jointly governed organization among 198 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The degree of control exercised by any participating school district is limited to its representation of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board exercises total control over the operations of the Council including budgetary, appropriating, contracting and designating management. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2013, the School District paid \$1,533 to the Ohio Schools' Council.

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Financial information can be obtained by contacting William Zelei, the Executive Director at the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the Council's electric purchase program. The Council provides 238 school districts and 11 Developmental Disabilities boards in the First Energy territory (Cleveland Electric Illuminating, Ohio Edison, and Toledo Edison) the ability to purchase electricity at reduced rates. The Council's current program, Power 4 Schools, provides for a fixed per kilowatt-hour for electricity generation until May 2014, converting to a new fixed price or percent off the Price to Compare (PTC), whichever provides the greatest savings until December 2019.

Note 17 - Insurance Purchasing Pool

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

Note 18 – Claims Servicing Pool

The School District participates in the Health Care Benefits Program of Lake County Schools Council (the Program), a claims servicing pool comprised of eleven Lake County school districts. Each school district has a representative on the assembly (usually the superintendent or designee). Each member pays an administrative fee to the pool. The plan's business and affairs are conducted by a five member Board of Directors elected by the Program's assembly. The assembly elects officers for one year terms to serve on the Board of Directors. The School District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claim flow. The program is operated as a full indemnity program with no financial liability (other than the monthly premiums) or risk to the School District. The Council shall pay the run out of all claims for a withdrawing member. Any member that withdraws from the Council pursuant to the Council Agreement shall have no claim to the Council's assets. Financial information can be obtained from Mike Vaccariello, Treasurer, Madison Local School District, 6741 North Ridge Road, Madison, OH 44057.

Note 19 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2013, the School District contracted with Netherlands Insurance Company for property and general liability insurance. There is a \$5,000 deductible with a 90 percent co-insurance limit of \$87,428,100.

Commercial umbrella liability is protected by the Netherlands Insurance Company with a \$10,000,000 single and \$10,000,000 aggregate occurrence limit with a \$10,000 deductible. Vehicles are also covered by Netherlands insurance Company and have a \$250 deductible for comprehensive and \$1,000 for collision. Automobile liability has a \$1,000,000 combined single limit of liability.

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

Employee Medical Coverage

The School District has elected to provide medical coverage through premium payments to the Health Care Benefits Program of Lake County Schools Council. (Note 18)

Worker's Compensation

For fiscal year 2013, the School District participated in the Ohio School Boards' Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting provides administrative, cost control and actuarial services to the GRP.

Note 20 – Defined Benefit Pension Plans

School Employees Retirement System

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$687,887, \$676,723 and \$759,069, respectively. For fiscal year 2013, 88.91 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Riverside Local School District
Notes to the Basic Financial Statements
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State Teachers Retirement System of Ohio

Plan Description – The School 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 can 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 multiplied by 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 DB Plan and the DC 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 payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years of 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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$2,218,659 and \$72,126 for the fiscal year ended June 30, 2013, \$2,313,672 and \$72,126 for the fiscal year ended June 30, 2012, and \$2,443,001 and \$72,126 for the fiscal year ended June 30, 2011. For fiscal year 2013, 82.39 percent has been contributed for the DB plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2013 were \$12,794 made by the School District and \$9,139 made by the plan members. In addition, member contributions of \$51,518 were made for fiscal year 2013 for the defined contribution portion of the Combined Plan.

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 21 – Postemployment Benefits

School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administrated by the School Employees Retirement System 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 as well as a 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 obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at 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 fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$90,183 in surcharge.

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 School District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$8,402, \$110,273 and \$189,905, respectively. For fiscal year 2013, 88.91 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012 and 2011, were \$38,858, \$39,964 and \$48,848, respectively. For fiscal year 2013, 88.91 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

State Teachers Retirement System

Plan Description – The School District participates in the cost-sharing multiple-employer defined benefit Health 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. Ohio law authorizes STRS to offer this plan. 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 can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Funding Policy – Ohio Revised Code Chapter 3307 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$168,337, \$183,523 and \$193,471, respectively. For fiscal year 2013, 82.39 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Note 22 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service and hours worked. Teachers and most administrators do not earn vacation. The maximum vacation accumulation for classified employees is 10 days. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Teachers and administrators can accumulate sick leave up to a maximum of 300 days and classified staff up to a maximum of 269 days. Upon retirement and having been employed by the School District for at least ten years, all employees receive payment for one-fourth of the total sick leave accumulation, up to a maximum of 67.25 days for classified employees and 62 days for certificated employees.

Early Retirement Incentive

The School District offered a two year early retirement incentive during fiscal year 2013. The incentive was available to all eligible State Teachers Retirement System (STRS) members enrolled in the Defined Benefit Plan. The School District limits the number of people for whom it purchases retirement incentive credit to not more than five percent of its employees who are STRS members enrolled in the Defined Benefit Plan on January 1, 2013. The School District had two teachers participate.

Note 23 - Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 24 - Set Asides

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

The following cash basis information describes the change in the fiscal year end set aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	Capital Improvements
Set Aside Balance as of June 30, 2012	\$0
Current Year Set-aside Requirement	826,400
Qualifying Disbursements	(2,512,030)
Total	(\$1,685,630)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set Aside Balance as of June 30, 2013	\$0

Note 25 - Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and it facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Funds	
General	\$355,334
Permanent Improvement Levy	147,143
Other Governmental Funds	128,497
<i>Total Governmental Funds</i>	<i>\$630,974</i>

Note 26 – Subsequent Events

On July 15, 2013, the School District entered into a sale leaseback in the amount of \$511,421 at an interest rate of 2.75 percent for the purchase of ninety-three various musical instruments and four new school buses. The lease agreement for the purchases identified FirstMerit Bank as the escrow agent for the lease proceeds.

Riverside Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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**RIVERSIDE LOCAL SCHOOL DISTRICT
LAKE COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. Department of Agriculture</u>					
<i>Passed Through Ohio Department of Education:</i>					
<i>Nutrition Cluster:</i>					
School Breakfast Program	10.553	\$ 120,560	\$ -	\$ 120,560	\$ -
National School Lunch Program	10.555	432,341	87,796	432,341	87,796
Total Nutrition Cluster		<u>552,901</u>	<u>87,796</u>	<u>552,901</u>	<u>87,796</u>
National School Lunch Expansion	10.760	1,433	-	1,168	-
Total U.S. Department of Agriculture		<u>554,334</u>	<u>87,796</u>	<u>554,069</u>	<u>87,796</u>
<u>U.S. Department of Education</u>					
<i>Passed Through Ohio Department of Education:</i>					
<i>Special Education Cluster:</i>					
Special Education: Preschool Grants	84.173	23,370	-	23,370	-
Special Education Grants to States	84.027	721,134	-	723,301	-
Total Special Education Cluster		<u>744,504</u>	<u>-</u>	<u>746,671</u>	<u>-</u>
Title I Grants to Local Educational Agencies	84.010	440,117	-	432,613	-
Education JOBS	84.410	51,792	-	54,803	-
English Language Acquisition Grants	84.365	21,074	-	21,038	-
Education Technology State Grants	84.318	-	-	2,546	-
Improving Teacher Quality State Grants	84.367	226,488	-	213,492	-
Total U.S. Department of Education		<u>1,483,975</u>	<u>-</u>	<u>1,471,163</u>	<u>-</u>
Total Federal Assistance		<u>\$ 2,038,309</u>	<u>\$ 87,796</u>	<u>\$ 2,025,232</u>	<u>\$ 87,796</u>

The accompanying notes to this schedule are an integral part of this schedule.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LAKE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Riverside Local School District (the District's) federal award programs' receipts and disbursements. 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 DONATIONS

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



Dave Yost • Auditor of State

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

Riverside Local School District
Lake County
585 Riverside Drive
Painesville, Ohio 44077

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverside Local School District, Lake County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 25, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361

www.auditor.state.oh.us

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

February 25, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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
Lake County
585 Riverside Drive
Painesville, Ohio 44077

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Riverside Local School District's (the District) compliance with the applicable 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 the Riverside Local School District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Riverside Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 25, 2014

**RIVERSIDE LOCAL SCHOOL DISTRICT
LAKE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA#10.553/10.555: Nutrition Cluster: Breakfast/Lunch; CFDA# 84.367: Improving Teacher Quality Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Riverside Local School District
Lake County
585 Riverside Drive
Painesville, Ohio 44077

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school 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 or community school."

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

1. We noted the Board amended its anti-harassment policy at its meeting on November 28, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act";.

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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State
Columbus, Ohio

February 25, 2014

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361

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RIVERSIDE LOCAL SCHOOL DISTRICT

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 11, 2014**