



Dave Yost • Auditor of State



**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

New Riegel Local School District  
Seneca County  
44 North Perry Street  
New Riegel, Ohio 44853-0207

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Riegel Local School District, Seneca County, Ohio (the District), as of and for the years ended June 30, 2014 and 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 the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of New Riegel Local School District, Seneca County, Ohio, as of June 30, 2014 and 2013, and the respective changes in cash financial position and the respective budgetary comparison for the General and Classroom Facilities and Maintenance funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplemental and Other Information*

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

*Management's Discussion and Analysis* includes tables of net position, changes in net position, governmental activities and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2015, 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.

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 19, 2015

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**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

The management's discussion and analysis of New Riegel Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2014 are as follows:

- The total net position of the District increased \$75,626 or 2.54% from fiscal year 2013.
- General receipts accounted for \$3,513,342 or 79.71% of total governmental activities receipts. Program specific receipts accounted for \$894,123 or 20.29% of total governmental activities receipts.
- The District had \$4,331,839 in disbursements related to governmental activities; \$894,123 of these disbursements were offset by program specific charges for services, grants or contributions. General receipts of \$3,513,342 were adequate to provide for these programs.
- The District's major funds are the general fund and the classroom facilities maintenance fund. The general fund, the District's largest major fund, had total receipts of \$3,925,935 in 2014. The disbursements and other financing uses of the general fund, totaled \$3,846,208 in 2014. The general fund's balance increased \$79,727 or 3.53% from 2013 to 2014.
- The classroom facilities maintenance fund had total receipts of \$30,175 in 2014. The disbursements of the classroom facilities maintenance fund, totaled \$280 in 2014. The classroom facilities maintenance fund's balance increased \$29,895 or 9.31% from 2013 to 2014.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund.

**Basis of Accounting**

The District has elected to present its financial statements on a cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipts and disbursement basis presentation in a statement of net position will be cash, cash equivalents and investments. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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(Continued)**

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

The statement of net position and statement of activities reflect how the District did financially during fiscal year 2014, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances and investments of the governmental type activities of the District at the fiscal year end. The statement of activities compares cash disbursements with program receipts of each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of the particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's net cash position and the changes in cash position. Keeping in mind the limitations of the cash basis accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position in one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors as well such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and statement of activities, the governmental activities include the District's programs and services including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities and food service operations.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the classroom facilities maintenance fund. The funds of the District are split into three categories: governmental, proprietary and fiduciary.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the year-end available for spending in future periods. The governmental fund financial statements provide a detailed view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be readily spent to finance various District programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in a single column.

***Proprietary Funds***

When the District charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The District does not have an enterprise fund. When the services are provided to other departments of the District, the

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
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(Continued)**

service is reported as an internal service fund. The District has two internal service funds to account for employee dental and vision claims.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary funds are agency funds.

***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

**The District as a Whole**

The table below provides a summary of the District's net position for 2014 and 2013.

	<b>Net Position</b>	
	Governmental Activities	Governmental Activities
	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 3,056,857	\$ 2,981,109
Cash with fiscal agent	<u>49</u>	<u>171</u>
Total assets	<u>\$ 3,056,906</u>	<u>\$ 2,981,280</u>
<u>Net Position</u>		
Restricted	\$ 574,561	\$ 581,457
Unrestricted	<u>2,482,345</u>	<u>2,399,823</u>
Total net position	<u>\$ 3,056,906</u>	<u>\$ 2,981,280</u>

The total net position of the District increased \$75,626, which represents a 2.54% increase from fiscal year 2013. The balance of government-wide unrestricted net position of \$2,482,345 may be used to meet the District's ongoing obligations to citizens and creditors.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
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(Continued)**

The table below shows the changes in net position for fiscal years 2014 and 2013.

	<b>Change in Net Position</b>	
	Governmental Activities 2014	Governmental Activities 2013
	<u>2014</u>	<u>2013</u>
<b>Receipts:</b>		
Program receipts:		
Charges for services and sales	\$ 568,315	\$ 513,844
Operating grants and contributions	<u>325,808</u>	<u>348,383</u>
Total program receipts	<u>894,123</u>	<u>862,227</u>
General receipts:		
Property taxes	813,104	840,074
Income tax	693,265	656,897
Unrestricted grants	1,936,343	1,868,938
Investment earnings	18,816	6,641
Other	<u>51,814</u>	<u>41,172</u>
Total general receipts	<u>3,513,342</u>	<u>3,413,722</u>
Total receipts	<u>4,407,465</u>	<u>4,275,949</u>

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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	<b>Change in Net Position</b>	
	<b>(Continued)</b>	
	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
<b>Disbursements:</b>		
Instruction:		
Regular	\$ 1,954,315	\$ 1,853,391
Special	298,130	362,704
Vocational	2,321	33,158
Other	45,516	-
Support services:		
Pupil	170,015	116,665
Instructional staff	146,532	122,778
Board of education	34,458	39,462
Administration	342,032	409,673
Fiscal	222,737	217,436
Operations and maintenance	484,647	426,097
Pupil transportation	178,377	165,463
Food service operations	155,556	154,635
Other non instructional services	20,275	3,184
Extracurricular	211,953	186,480
Debt service:		
Principal retirement	50,000	55,000
Interest and fiscal charges	<u>14,975</u>	<u>15,755</u>
Total disbursements	<u>4,331,839</u>	<u>4,161,881</u>
Change in net position	75,626	114,068
Net position at beginning of year	<u>2,981,280</u>	<u>2,867,212</u>
Net position at end of year	<u>\$ 3,056,906</u>	<u>\$ 2,981,280</u>

**Governmental Activities**

Governmental net position increased by \$75,626 in 2014 from 2013. Total governmental disbursements of \$4,331,839 were offset by program receipts of \$894,123 and general receipts of \$3,513,342. Program receipts supported 20.64% of the total governmental disbursements.

The primary sources of receipts for governmental activities are derived from property taxes, income taxes and grants and entitlements. These receipt sources represent 78.11% of total governmental receipts. Real estate property is reappraised every six years.

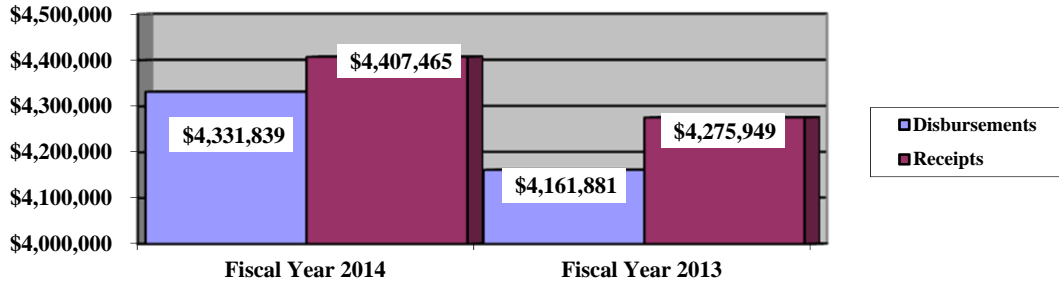
The largest disbursement of the District is for instructional programs. Instructional disbursements totaled \$2,300,282 or 53.10% of total governmental disbursements for fiscal year 2014.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
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The graph below presents the District's governmental activities receipts and disbursements for fiscal years 2014 and 2013.

**Governmental Activities - Total Receipts vs. Total Disbursements**



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

**Governmental Activities**

	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>
<b>Disbursements:</b>				
Instruction:				
Regular	\$ 1,954,315	\$ 1,616,933	\$ 1,853,391	\$ 1,564,483
Special	298,130	113,025	362,704	79,403
Vocational	2,321	348	33,158	32,557
Other	45,516	8,448	-	-
Support services:				
Pupil	170,015	105,703	116,665	104,538
Instructional staff	146,532	146,532	122,778	110,553
Board of education	34,458	34,458	39,462	39,462
Administration	342,032	340,616	409,673	407,145
Fiscal	222,737	222,737	217,436	217,436
Operations and maintenance	484,647	480,253	426,097	421,415
Pupil transportation	178,377	178,089	165,463	155,060
Other non instructional services	20,275	20,275	3,184	-
Food service operations	155,556	(3,265)	154,635	3,846
Extracurricular	211,953	108,589	186,480	93,001
Debt service:				
Principal retirement	50,000	50,000	55,000	55,000
Interest and fiscal charges	14,975	14,975	15,755	15,755
<b>Total</b>	<b><u>\$ 4,331,839</u></b>	<b><u>\$ 3,437,716</u></b>	<b><u>\$ 4,161,881</u></b>	<b><u>\$ 3,299,654</u></b>

The dependence upon general receipts for instructional activities is apparent; with 75.59% of disbursements

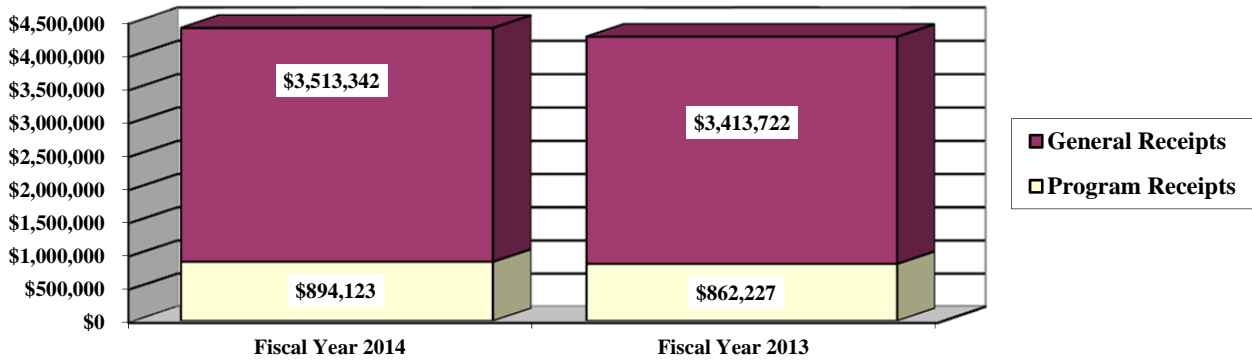
**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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supported through taxes and other general receipts during 2014. For all governmental activities, general receipts support is 79.36%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support of the District's students.

The graph below presents the District's governmental activities receipts for fiscal year 2014 and 2013.

**Governmental Activities - General and Program Receipts**



**The District's Funds**

The District's governmental funds reported a combined fund cash balance of \$3,038,499, which is \$90,959 above last year's total of \$2,947,540. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2014 and June 30, 2013, for all major and nonmajor governmental funds.

	Fund Balance <u>June 30, 2014</u>	Fund Balance <u>June 30, 2013</u>	Increase/ (Decrease)
General	\$ 2,338,134	\$ 2,258,407	\$ 79,727
Classroom facilities maintenance fund	350,970	321,075	29,895
Other governmental funds	<u>349,395</u>	<u>368,058</u>	<u>(18,663)</u>
Total	<u>\$ 3,038,499</u>	<u>\$ 2,947,540</u>	<u>\$ 90,959</u>

**General Fund**

The general fund, the District's largest major fund, had total receipts of \$3,925,935 in 2014. The disbursements and other financing uses of the general fund, totaled \$3,846,208 in 2014. The general fund's balance increased \$79,727 or 3.53% from 2013 to 2014.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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(Continued)**

The table that follows assists in illustrating the receipts of the general fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Receipts:</u></b>			
Taxes	\$ 1,466,852	\$ 1,440,990	1.79 %
Tuition	348,256	296,047	17.64 %
Earnings on investments	16,908	6,015	181.10 %
Other local revenues	91,346	87,226	4.72 %
Intergovernmental - State	<u>2,002,573</u>	<u>1,956,502</u>	2.35 %
Total	<u>\$ 3,925,935</u>	<u>\$ 3,786,780</u>	3.67 %

During 2014, earnings on investments increased due to higher interest earnings. All other revenue remained comparable to 2013.

The table that follows assists in illustrating the disbursements of the general fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Disbursements</u></b>			
Instruction	\$ 2,134,876	\$ 2,069,326	3.17 %
Support services	1,453,287	1,387,687	4.73 %
Extracurricular	<u>152,426</u>	<u>137,299</u>	11.02 %
Total	<u>\$ 3,740,589</u>	<u>\$ 3,594,312</u>	4.07 %

Support services increased \$65,600 or 4.73% due to an increase in operations and maintenance expenditures. Extracurricular expenditures increased \$15,127 or 11.02%, which were related to the public school support fund. All other disbursements remained comparable to 2013 with the overall increase of \$146,277 due in part to increases in wages and benefit costs.

***Classroom Facilities Maintenance Fund***

The classroom facilities maintenance fund had total receipts of \$30,175 in 2014. The disbursements of the classroom facilities maintenance fund, totaled \$280 in 2014. The classroom facilities maintenance fund's balance increased \$29,895 or 9.31% from 2013 to 2014.

***Budgeting Highlights - General Fund***

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

For the general fund, actual receipts of \$3,871,693 were higher than final budgeted receipts by \$67,743. The final budgeted receipts of \$3,803,950 were the same as original budgeted amounts. The actual disbursements and other financing uses of \$3,802,345 were \$167,851 lower than the final budgeted disbursements and other financing uses. The final budgeted disbursements and other financing uses of \$3,970,196 were \$50,000 higher than the original amounts.



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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Capital Assets and Debt Administration**

*Capital Assets*

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements; however, the District does track its capital assets through an excel spreadsheet.

*Debt Administration*

The District had the following long-term obligations outstanding at June 30, 2014 and 2013:

	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
2010 Series bond refunding	\$ <u>539,891</u>	\$ <u>583,164</u>

For further information regarding the District's debt, refer to Note 9 to the financial statements.

**Current Financial Related Activities**

The District has carefully managed its General Fund in order to optimize the dollars available for educating its students.

The District's local funding includes a continuing .75% income tax and an additional 5 year, .75% income tax. The additional .75% income tax became effective January 1, 2007. A renewal levy for this .75% income was approved by the voters on November 2, 2010 which will expire December 31, 2016. Our District's real estate tax effective rate is 20 mills. This support from our local community is imperative because of stagnant state funding.

In fiscal year 2014 our District received \$1,876,451 in state aid. An important component of the state aid calculation is enrollment or average daily membership (ADM). Our formula ADM decreased from 441 in fiscal year 2003 to 321 in fiscal year 2014. This decrease in resident enrollment caused the District to be funded under state funding guarantees. A real concern for us is whether or not the legislature will continue to fund the state aid guarantees in future years. In fiscal year 2014, \$393,456 (or 21%) of our state funding came from the transitional guarantee.

Our District continues to strive to best utilize the resources available to us. It is imperative that the District's Board and management team continue to carefully and prudently plan in order to provide the resource required to meet the student's desired needs over the next several years. It is always our goal to provide "a quality education in a small school setting".

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Jane A. Schalk, Treasurer, New Riegel Local School District, 44 N. Perry Street, New Riegel, Ohio 44853-0207.

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**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2014

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 3,056,857
Cash with fiscal agent . . . . .	49
	3,056,906
Total assets. . . . .	\$ 3,056,906
<b>Net Position:</b>	
Restricted for:	
Locally funded programs . . . . .	\$ 1,096
Federally funded programs . . . . .	110
Student activities . . . . .	29,163
Classroom facilities maintenance . . . . .	350,970
Debt service. . . . .	166,276
Other purposes . . . . .	26,946
Unrestricted . . . . .	2,482,345
Total net position. . . . .	\$ 3,056,906

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Cash Disbursements	Program Cash Receipts		Net (Disbursements)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 1,954,315	\$ 294,379	\$ 43,003	\$ (1,616,933)
Special . . . . .	298,130	68,686	116,419	(113,025)
Vocational . . . . .	2,321	-	1,973	(348)
Other . . . . .	45,516	-	37,068	(8,448)
Support services:				
Pupil . . . . .	170,015	-	64,312	(105,703)
Instructional staff . . . . .	146,532	-	-	(146,532)
Board of education . . . . .	34,458	-	-	(34,458)
Administration . . . . .	342,032	-	1,416	(340,616)
Fiscal . . . . .	222,737	-	-	(222,737)
Operations and maintenance . . . . .	484,647	794	3,600	(480,253)
Pupil transportation . . . . .	178,377	-	288	(178,089)
Operation of non-instructional services:				
Other non-instructional services . . . . .	20,275	-	-	(20,275)
Food service operations . . . . .	155,556	104,150	54,671	3,265
Extracurricular activities . . . . .	211,953	100,306	3,058	(108,589)
Debt service:				
Principal retirement . . . . .	50,000	-	-	(50,000)
Interest and fiscal charges . . . . .	14,975	-	-	(14,975)
<b>Total governmental activities . . . . .</b>	<b>\$ 4,331,839</b>	<b>\$ 568,315</b>	<b>\$ 325,808</b>	<b>(3,437,716)</b>

**General Receipts:**

Property taxes levied for:	
General purposes . . . . .	773,587
Special revenue . . . . .	14,219
Debt service . . . . .	25,298
Payments in lieu of taxes . . . . .	-
School district income tax . . . . .	693,265
Grants and entitlements not restricted to specific programs . . . . .	1,936,343
Investment earnings . . . . .	18,816
Miscellaneous . . . . .	51,814
<b>Total general receipts . . . . .</b>	<b>3,513,342</b>
Change in net position . . . . .	75,626
<b>Net position at beginning of year . . . . .</b>	<b>2,981,280</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 3,056,906</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	<b>General</b>	<b>Classroom Facilities Maintenance</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 2,338,134	\$ 350,970	\$ 349,346	\$ 3,038,450
Cash with fiscal agent. . . . .	-	-	49	49
Total assets . . . . .	<u>\$ 2,338,134</u>	<u>\$ 350,970</u>	<u>\$ 349,395</u>	<u>\$ 3,038,499</u>
<b>Fund balances:</b>				
Restricted:				
Debt service . . . . .	\$ -	\$ -	\$ 166,276	\$ 166,276
Classroom facilities maintenance . . . . .	-	350,970	-	350,970
Food service operations . . . . .	-	-	26,946	26,946
Extracurricular. . . . .	-	-	29,163	29,163
Other purposes. . . . .	-	-	1,206	1,206
Committed:				
Termination benefits. . . . .	13,860	-	-	13,860
Assigned:				
Student instruction . . . . .	3,827	-	-	3,827
Student and staff support. . . . .	15,113	-	-	15,113
Capital improvements . . . . .	-	-	125,804	125,804
Public school support . . . . .	12,816	-	-	12,816
Medical insurance reserve . . . . .	117,947	-	-	117,947
Unassigned . . . . .	2,174,571	-	-	2,174,571
Total fund balances . . . . .	<u>\$ 2,338,134</u>	<u>\$ 350,970</u>	<u>\$ 349,395</u>	<u>\$ 3,038,499</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION - CASH BASIS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2014

<b>Total governmental fund balances</b>	\$ 3,038,499
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*Amounts reported for governmental activities on the statement of net position are different because:*

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities on the statement of net position.

18,407

**Net position of governmental activities**

\$ 3,056,906

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Classroom Facilities Maintenance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>				
From local sources:				
Property taxes . . . . .	\$ 773,587	\$ 14,219	\$ 25,298	\$ 813,104
Income taxes . . . . .	693,265	-	-	693,265
Tuition . . . . .	348,256	-	-	348,256
Charges for services . . . . .	-	-	104,150	104,150
Earnings on investments . . . . .	16,908	1,908	113	18,929
Extracurricular . . . . .	35,813	-	64,493	100,306
Classroom materials and fees . . . . .	14,809	-	-	14,809
Contributions and donations . . . . .	1,263	-	3,058	4,321
Rental income . . . . .	794	-	-	794
Other local revenues . . . . .	38,667	-	5,156	43,823
Intergovernmental - intermediate . . . . .	-	-	348	348
Intergovernmental - state . . . . .	2,002,573	14,048	9,300	2,025,921
Intergovernmental - federal . . . . .	-	-	232,711	232,711
Total receipts . . . . .	<u>3,925,935</u>	<u>30,175</u>	<u>444,627</u>	<u>4,400,737</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular . . . . .	1,863,986	-	69,176	1,933,162
Special . . . . .	260,860	-	35,612	296,472
Vocational . . . . .	2,321	-	-	2,321
Other . . . . .	7,709	-	37,068	44,777
Support services:				
Pupil . . . . .	103,733	-	66,133	169,866
Instructional staff . . . . .	145,409	-	-	145,409
Board of education . . . . .	34,458	-	-	34,458
Administration . . . . .	323,187	-	16,511	339,698
Fiscal . . . . .	220,138	280	503	220,921
Operations and maintenance . . . . .	457,194	-	26,778	483,972
Pupil transportation . . . . .	166,235	-	7,728	173,963
Operation of non-instructional services:				
Other operation of non-instructional . . . . .	2,933	-	17,342	20,275
Food service operations . . . . .	-	-	155,556	155,556
Extracurricular activities . . . . .	152,426	-	59,527	211,953
Debt service:				
Principal retirement . . . . .	-	-	50,000	50,000
Interest and fiscal charges . . . . .	-	-	14,975	14,975
Total disbursements . . . . .	<u>3,740,589</u>	<u>280</u>	<u>556,909</u>	<u>4,297,778</u>
Excess (deficiency) of receipts over (under) disbursements . . . . .	<u>185,346</u>	<u>29,895</u>	<u>(112,282)</u>	<u>102,959</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	-	93,619	93,619
Transfers (out) . . . . .	(105,619)	-	-	(105,619)
Total other financing sources (uses) . . . . .	<u>(105,619)</u>	<u>-</u>	<u>93,619</u>	<u>(12,000)</u>
Net change in fund balances . . . . .	79,727	29,895	(18,663)	90,959
<b>Fund balances at beginning of year . . . . .</b>	<u>2,258,407</u>	<u>321,075</u>	<u>368,058</u>	<u>2,947,540</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 2,338,134</u>	<u>\$ 350,970</u>	<u>\$ 349,395</u>	<u>\$ 3,038,499</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - CASH BASIS  
TO THE STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<b>Net change in fund balances - total governmental funds</b>	\$	90,959
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*Amounts reported for governmental activities in the  
statement of activities are different because:*

An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service fund is allocated among the governmental activities.

(15,333)

<b>Change in net position of governmental activities</b>	\$	<u><u>75,626</u></u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
From local sources:				
Property taxes . . . . .	\$ 777,300	\$ 777,300	\$ 773,587	\$ (3,713)
Income taxes . . . . .	683,200	683,200	693,265	10,065
Tuition . . . . .	54,500	306,500	348,256	41,756
Earnings on investments . . . . .	18,500	18,500	16,908	(1,592)
Extracurricular . . . . .	2,500	2,500	2,500	-
Classroom materials and fees . . . . .	15,000	15,000	14,809	(191)
Rental income . . . . .	1,500	1,500	794	(706)
Contributions and donations . . . . .	200	200	760	560
Other local revenues . . . . .	11,000	11,000	18,241	7,241
Intergovernmental - State . . . . .	2,240,250	1,988,250	2,002,573	14,323
<b>Total receipts . . . . .</b>	<u>3,803,950</u>	<u>3,803,950</u>	<u>3,871,693</u>	<u>67,743</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular . . . . .	1,869,732	1,953,267	1,856,640	96,627
Special . . . . .	253,893	249,539	259,136	(9,597)
Vocational . . . . .	11,090	10,900	2,321	8,579
Other . . . . .	18,077	17,767	6,936	10,831
Support services:				
Pupil . . . . .	151,720	149,118	103,733	45,385
Instructional staff . . . . .	155,479	152,813	145,703	7,110
Board of education . . . . .	42,388	41,661	34,458	7,203
Administration . . . . .	329,115	323,471	320,697	2,774
Fiscal . . . . .	222,208	218,397	220,632	(2,235)
Operations and maintenance . . . . .	484,564	476,254	460,897	15,357
Pupil transportation . . . . .	159,952	157,209	173,929	(16,720)
Extracurricular activities . . . . .	126,978	124,800	123,644	1,156
<b>Total disbursements . . . . .</b>	<u>3,825,196</u>	<u>3,875,196</u>	<u>3,708,726</u>	<u>166,470</u>
Excess (deficiency) of receipts over (under) disbursements . . . . .	<u>(21,246)</u>	<u>(71,246)</u>	<u>162,967</u>	<u>234,213</u>
<b>Other financing uses:</b>				
Transfers (out) . . . . .	<u>(95,000)</u>	<u>(95,000)</u>	<u>(93,619)</u>	<u>1,381</u>
Net change in fund balance . . . . .	(116,246)	(166,246)	69,348	235,594
<b>Fund balance at beginning of year . . . . .</b>	2,085,027	2,085,027	2,085,027	-
<b>Prior year encumbrances appropriated . . . . .</b>	20,196	20,196	20,196	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,988,977</u>	<u>\$ 1,938,977</u>	<u>\$ 2,174,571</u>	<u>\$ 235,594</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
CLASSROOM FACILITIES AND MAINTENANCE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
From local sources:				
Property taxes . . . . .	\$ 14,804	\$ 14,804	\$ 14,219	\$ (585)
Earnings on investments . . . . .	1,700	1,700	1,908	208
Intergovernmental - State . . . . .	13,500	13,500	14,048	548
Total receipts . . . . .	<u>30,004</u>	<u>30,004</u>	<u>30,175</u>	<u>171</u>
<b>Disbursements:</b>				
Support Services:				
Fiscal . . . . .	400	400	280	120
Operations and maintenance . . . . .	20,000	20,000	-	20,000
Total disbursements . . . . .	<u>20,400</u>	<u>20,400</u>	<u>280</u>	<u>20,120</u>
Net change in fund balance . . . . .	9,604	9,604	29,895	20,291
<b>Fund balance at beginning of year . . . . .</b>	<u>321,075</u>	<u>321,075</u>	<u>321,075</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 330,679</u>	<u>\$ 330,679</u>	<u>\$ 350,970</u>	<u>\$ 20,291</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY

STATEMENT OF NET POSITION - CASH BASIS  
PROPRIETARY FUND  
JUNE 30, 2014

	<u>Governmental Activities - Internal Service Fund</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 18,407
<b>Net position:</b>	
Unrestricted. . . . .	\$ 18,407

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN NET POSITION - CASH BASIS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Operating receipts:</b>	
Charges for services . . . . .	\$ 6,728
<b>Operating disbursements:</b>	
Claims . . . . .	<u>34,061</u>
Operating (loss) . . . . .	<u>(27,333)</u>
Transfer in . . . . .	<u>12,000</u>
Change in net position . . . . .	(15,333)
<b>Net position at beginning of year . . . . .</b>	<u>33,740</u>
<b>Net position at end of year . . . . .</b>	<u><u>\$ 18,407</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS  
JUNE 30, 2014

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 47,743
<b>Net position:</b>	
Held for student activities . . . . .	\$ 46,786
Held for employee benefits . . . . .	957
Total net position . . . . .	<u>\$ 47,743</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 1 - REPORTING ENTITY**

New Riegel Local School District (the "District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State and Federal guidelines.

The District was established in 1841 through the consolidation of existing land areas and school districts. The District serves an area approximately 30 square miles. It is located in Seneca County and includes the entire Village of New Riegel. It is staffed by 24 classified employees, 32 certified teaching personnel and 3 administrative employees who provide services to 371 students in grades K through 12 and other community members. The District currently operates one elementary, one middle school and one comprehensive high school.

The reporting entity is composed of the primary government and other organizations that are included to insure the financial statements are not misleading.

**A. Primary Government**

The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

**B. Component Units**

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units.

**C. Other Organizations**

The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association (NOECA)

The District is a participant in the NOECA, which is a computer consortium. NOECA is an association of forty-one public school districts formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The NOECA Board of Directors consists of two representatives from each county in which participating school districts are located, the chairman of each of the operating

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 1 - REPORTING ENTITY - (Continued)**

committees, and a representative from the fiscal agent. Financial information can be obtained from Betty Schwiefert, who serves as Controller, 1210 East Bogart Road, Sandusky, Ohio 44870.

Vanguard-Sentinel Technology and Career Centers

The Vanguard-Sentinel Technology and Career Centers is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Vanguard-Sentinel Technology and Career Centers at 1306 Cedar Street, Fremont, Ohio 43420.

Northwestern Ohio Educational Research Council, Inc. (NOERC)

The NOERC is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the NOERC, Box 456, Ashland, Ohio 44805.

Bay Area Council of Governments (BACG)

The BACG is a jointly governed organization. Members of the BACG consist of twenty-six school districts representing seven counties (Ottawa, Sandusky, Seneca, Erie, Huron, Wood, and Crawford). The BACG was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through the council of governments are natural gas and insurance. The only cost to the District is an administrative charge if they participate in purchasing through the BACG. The BACG consists of the superintendent of each participating school district. The Board of Directors of the BACG consist of one elected representative of each county, the superintendent of the fiscal agent, and two non-voting members (administrator and fiscal officer). Members of the Board serve staggered two-year terms. The District paid \$17,519 during fiscal year 2014 for natural gas. Financial information is available from the North Point Educational Service Center (fiscal agent), at 1210 East Bogart Road, Sandusky, Ohio 44870.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in a group program for workers' compensation as established in Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP) was established as an insurance purchasing pool. The GRP is governed by a three-member Board of Directors. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. Refer to Note 10.B. for further information on this group rating program.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed in Note 2.A, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

**A. Basis of Accounting**

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related receipts (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related disbursements (such as accounts payable and expenses for goods and services received, but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**B. Fund Accounting**

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. The following are the District's major governmental funds:

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Classroom facilities maintenance fund -The classroom facilities maintenance fund is used to account for the proceeds of a levy for the maintenance of facilities.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

PROPRIETARY FUND

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:



**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

*Internal Service Fund:* The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides dental and vision benefits to employees.

**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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature and do not involve measurement of results of operations. The District's agency funds account for student activities and employee benefits.

**C. Basis of Presentation**

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of cash receipts and cash disbursements.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

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

**D. Budgetary Process**

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

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

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

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

**E. Cash and Investments**

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

During fiscal year 2014, investments were limited to nonnegotiable certificates of deposit. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the fund from which the investment was made. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$16,908, which includes \$3,627 assigned from other funds.

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

An analysis of the District's investment account at year end is provided in Note 5.

**F. Inventory and Prepaid Items**

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**H. Accumulated Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

**I. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**J. Long-Term Obligations**

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

**K. Fund Cash Balance**

The District reports classifications of fund balance based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board of Education.

Assigned - amounts that are constrained by the District's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the District's formal purchasing procedure by the Treasurer. Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The District applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**L. Net Position**

Net position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The District applies restricted resources first when a disbursement is incurred for purposes for which both restricted and unrestricted cash are available.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

**M. Interfund Activity**

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

Interfund activity between governmental funds is eliminated in the statement of activities.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2014, the District has implemented GASB Statement No. 67, "Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25", and GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 67 improves the usefulness of pension information included in the general purpose external financial reports of state and local governmental pension plans for making decisions and assessing accountability. The implementation of GASB Statement No. 67 did not have an effect on the financial statements of the District.

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

**B. Compliance**

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets and deferred outflows, liabilities and deferred inflows, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, 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 receipts, disbursements and changes in fund balance - budget and actual (budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash).

The following table summarizes the adjustments necessary to reconcile the budgetary basis statement to the cash basis statement for the general fund and classroom facilities maintenance fund:

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

**Net Change in Fund Balance**

	<u>General fund</u>	Classroom Facilities <u>Maintenance</u>
Budget basis	\$ 69,348	\$ 29,895
Funds budgeted elsewhere **	(8,561)	-
Adjustment for encumbrances	<u>18,940</u>	<u>-</u>
Cash basis	<u>\$ 79,727</u>	<u>\$ 29,895</u>

\*\* As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis. This includes the public school support fund and termination benefits fund.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

5. No-load money market mutual funds consisting exclusively of obligation described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstance, corporate debt interest rate in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**A. Cash with Fiscal Agent**

The District had \$49 in cash held by the North Central Ohio Educational Service Center which is included on the financial statements as "cash with fiscal agents". The Educational Service Center holds this flow through grant money for the District along with that of other school districts and therefore is not included in the cash balances below.

**B. Deposits with Financial Institutions**

At June 30, 2014, the carrying amount of all District deposits was \$3,104,600. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$2,147,752 of the District's bank balance of \$3,169,662 was exposed to custodial risk as discussed below, while \$1,021,910 was covered by the FDIC.

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

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

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

**C. Investments**

As of June 30, 2014, the District had no investments.

**D. Reconciliation of Cash to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,104,600
Cash with fiscal agent	49
Total	\$ 3,104,649
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 3,056,906
Agency funds	47,743
Total	\$ 3,104,649

**NOTE 6 - INTERFUND TRANSACTIONS**

**Interfund transfers**

Interfund transfers for the year ended June 30, 2014, consisted of the following, as reported on the fund statements:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 93,619
Internal service fund	12,000
	\$ 105,619

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

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

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 7 - PROPERTY TAXES - (Continued)**

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 2014 represent the collection of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Seneca County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date tax bills are sent.

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

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 38,982,890	94.68	\$ 39,260,320	94.48
Public utility personal	<u>2,190,880</u>	<u>5.32</u>	<u>2,293,010</u>	<u>5.52</u>
Total	<u>\$ 41,173,770</u>	<u>100.00</u>	<u>\$ 41,553,330</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$40.50		\$38.70	

**NOTE 8 - SCHOOL DISTRICT INCOME TAX**

The District levies a voted tax of three-quarters of one percent (0.75%) for general operations on the income of residents and of estates. The tax was effective on January 1, 1990, and is a continuing tax. An additional tax of three-quarters of one percent (0.75%) was passed by the voters on May 2, 2006. This additional tax was for a period of five years beginning January 1, 2007, for the purpose of current expenses. The levy was renewed by the voters on November 2, 2011 and will expire December 31, 2016. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund. Total income tax revenue for fiscal year 2014 equaled \$693,265.



**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 9 - LONG-TERM OBLIGATIONS**

- A. *Classroom Facilities Improvement Refunding Bonds - Series 2010* - On December 22, 2010, the District issued series 2010 classroom facilities improvement refunding bonds to refund the callable portion of the series 2001 general obligation bonds (principal \$680,000). Issuance proceeds totaling \$698,464 were deposited with an escrow agent.

This refunding issue is comprised of both current interest term bonds and capital appreciation bonds, in the amount of \$645,000 and \$34,999, respectively. The interest rate on the term bonds range from 1.20% to 3.80%. The bonds were issued for a thirteen year period, with final maturity during fiscal year 2024. The bonds will be retired through the debt service fund (a nonmajor governmental fund). The capital appreciation bonds mature December 1, 2019 and 2020 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. Both capital appreciation bonds bear an approximate compounding interest rate of 13.510%. The accreted value at maturity for both capital appreciation bonds is \$60,000 each.

The \$105,000 current interest term bonds maturing on December 1, 2014, shall bear interest at the rate of 1.80% per year and be subject to mandatory sinking fund redemption on December 1, 2013 (Mandatory Redemption Date), in the principal amount of \$50,000 (with the balance of \$55,000 to be paid at maturity on December 1, 2014).

The \$115,000 current interest term bonds maturing on December 1, 2016, shall bear interest at the rate of 2.30% per year and be subject to mandatory sinking fund redemption on December 1, 2015 (Mandatory Redemption Date), in the principal amount of \$55,000 (with the balance of \$60,000 to be paid at maturity on December 1, 2016).

The \$120,000 current interest term bonds maturing on December 1, 2018, shall bear interest at the rate of 2.90% per year and be subject to mandatory sinking fund redemption on December 1, 2017 (Mandatory Redemption Date), in the principal amount of \$60,000 (with the balance of \$60,000 to be paid at maturity on December 1, 2018).

The \$195,000 current interest term bonds maturing on December 1, 2023, shall bear interest at the rate of 3.80% per year and be subject to mandatory redemption requirements on December 1 in the years (Mandatory Redemption Dates) and in the principal amounts as follows (with the balance of \$65,000 to be paid at maturity on December 1, 2023).

<u>Year (December 1)</u>	<u>Amount</u>
2021	\$ 65,000
2022	65,000

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

Principal and interest requirements to retire the classroom facilities improvement refunding bonds at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	<u>Classroom Facilities Improvement Refunding Bonds - Series 2010</u>					
	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 55,000	\$ 14,030	\$ 69,030	\$ -	\$ -	\$ -
2016	55,000	12,903	67,903	-	-	-
2017	60,000	11,580	71,580	-	-	-
2018	60,000	10,020	70,020	-	-	-
2019	60,000	8,280	68,280	-	-	-
2020 - 2024	<u>195,000</u>	<u>25,935</u>	<u>220,935</u>	<u>34,999</u>	<u>85,001</u>	<u>120,000</u>
Total	<u>\$ 485,000</u>	<u>\$ 82,748</u>	<u>\$ 567,748</u>	<u>\$ 34,999</u>	<u>\$ 85,001</u>	<u>\$ 120,000</u>

**B.** During fiscal year 2014, the following activity occurred in governmental activities long-term obligations:

	Balance Outstanding <u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2014</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities:</b>					
Classroom facilities improvement refunding bonds, series 2010					
Current interest term bonds	\$ 535,000	\$ -	\$ (50,000)	\$ 485,000	\$ 55,000
Capital appreciation bonds (CABs)	34,999	-	-	34,999	-
Accreted interest on CAB's	<u>13,165</u>	<u>6,727</u>	<u>-</u>	<u>19,892</u>	<u>-</u>
Total long-term obligations, governmental activities	<u>\$ 583,164</u>	<u>\$ 6,727</u>	<u>\$ (50,000)</u>	<u>\$ 539,891</u>	<u>\$ 55,000</u>

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation use in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2014, are a voted debt margin of \$3,386,077 (including available funds of \$166,276) and an unvoted debt margin of \$41,553.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 10 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the District contracted the following insurance coverage:

Coverage provided by Schools of Ohio Risk Sharing Authority.

Building and Contents – replacement costs (\$1,000 deductible)	\$22,270,309
<u>Commercial Auto Coverage</u>	
Liability	12,000,000
Uninsured/Underinsured Motorist	1,000,000
Medical Payments	10,000
<u>General Liability</u>	
Bodily Injury and Property Damage	12,000,000
Products/Completed Operations	12,000,000
Personal Injury/Advertising Liability	12,000,000
Annual Aggregate	14,000,000
<u>Educators' Legal Liability</u>	
Each Wrongful Act (\$5,000 Deductible)	12,000,000
Annual Aggregate	12,000,000
Employee Benefits Liability	12,000,000

**B. Workers' Compensation**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 1.C.). The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

**C. Medical, Vision, and Dental Insurance**

The District elected to provide medical benefits to employees. The District pays a portion of the medical benefits' high deductible plan for employees. The plan is administered by Anthem and Custom Design Benefits.

The District offered vision and dental benefits to all employees through a self-insurance internal service fund. A comparison of self-insurance fund cash and cash equivalents to the actuarially-measured liability as of June 30 is as follows:

	Amount
Cash and cash equivalents	\$ 18,407
Actuarial liabilities	\$ 8,728

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 11 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$59,978, \$58,241 and \$56,379, respectively; 83.81 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

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

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 11 - PENSION PLANS - (Continued)**

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

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$238,755, \$229,759 and \$219,853, respectively; 83.74 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://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 2014, 0.14 percent of covered payroll was allocated to health care.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)**

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$8,529, \$7,436 and \$9,182, respectively; 83.81 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$3,480, \$3,290 and \$2,442, respectively; 83.81 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**B. State Teachers Retirement System of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$18,366, \$17,674 and \$16,912, respectively; 83.74 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**NOTE 13 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)

**NOTE 13 – CONTINGENCIES - (Continued)**

Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

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

**NOTE 14 - STATUTORY RESERVES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by 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 fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	63,183
Current year offsets	<u>(75,000)</u>
Total	<u>\$ (11,817)</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

**NOTE 15 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be report as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

	<u>Year-End Encumbrances</u>
<u>Fund Type</u>	
General fund	\$ 20,559
Other nonmajor governmental	<u>82,147</u>
Total	<u>\$ 102,706</u>

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

The management's discussion and analysis of New Riegel Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2013 are as follows:

- The total net position of the District increased \$114,068 or 3.98% from fiscal year 2012.
- General receipts accounted for \$3,413,722 or 79.84% of total governmental activities receipts. Program specific receipts accounted for \$862,227 or 20.16% of total governmental activities receipts.
- The District had \$4,161,881 in disbursements related to governmental activities; \$862,227 of these disbursements were offset by program specific charges for services, grants or contributions. General receipts of \$3,413,722 were adequate to provide for these programs.
- The District's major funds are the general fund and the classroom facilities maintenance fund. The general fund, the District's largest major fund, had total receipts of \$3,786,780 in 2013. The disbursements and other financing uses of the general fund, totaled \$3,729,862 in 2013. The general fund's balance increased \$56,918 or 2.59% from 2012 to 2013.
- The classroom facilities maintenance fund had total receipts of \$29,113 in 2013. The disbursements of the classroom facilities maintenance fund, totaled \$258 in 2013. The classroom facilities maintenance fund's balance increased \$28,855 or 9.87% from 2012 to 2013.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund.

**Basis of Accounting**

The District has elected to present its financial statements on a cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipts and disbursement basis presentation in a statement of net position will be cash, cash equivalents and investments. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.



**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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(Continued)**

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

The statement of net position and statement of activities reflect how the District did financially during fiscal year 2013, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances and investments of the governmental type activities of the District at the fiscal year end. The statement of activities compares cash disbursements with program receipts of each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of the particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's net cash position and the changes in cash position. Keeping in mind the limitations of the cash basis accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position in one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors as well such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and statement of activities, the governmental activities include the District's programs and services including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities and food service operations.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the classroom facilities maintenance fund. The funds of the District are split into three categories: governmental, proprietary and fiduciary.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the year-end available for spending in future periods. The governmental fund financial statements provide a detailed view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be readily spent to finance various District programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in a single column.

***Proprietary Funds***

When the District charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The District does not have an enterprise fund. When the services are provided to other departments of the District, the service is reported as an internal service fund. The District has two internal service funds to account for employee

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
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dental and vision claims.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary funds are agency funds.

***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

**The District as a Whole**

The table below provides a summary of the District's net position for 2013 and 2012.

	<b>Net Position</b>	
	Governmental Activities 2013	Governmental Activities 2012
	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 2,981,109	\$ 2,867,204
Cash with fiscal agent	<u>171</u>	<u>8</u>
Total assets	<u>\$ 2,981,280</u>	<u>\$ 2,867,212</u>
<u>Net Position</u>		
Restricted	\$ 581,457	\$ 665,723
Unrestricted	<u>2,399,823</u>	<u>2,201,489</u>
Total net position	<u>\$ 2,981,280</u>	<u>\$ 2,867,212</u>

The total net position of the District increased \$114,068, which represents a 3.98% increase from fiscal year 2012. The balance of government-wide unrestricted net position of \$2,399,823 may be used to meet the District's ongoing obligations to citizens and creditors.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
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(Continued)**

The table below shows the changes in net position for fiscal years 2013 and 2012.

	<b>Change in Net Position</b>	
	Governmental Activities	Governmental Activities
	<u>2013</u>	<u>2012</u>
<b>Receipts:</b>		
Program receipts:		
Charges for services and sales	\$ 513,844	\$ 616,991
Operating grants and contributions	<u>348,383</u>	<u>383,393</u>
Total program receipts	<u>862,227</u>	<u>1,000,384</u>
General receipts:		
Property taxes	840,074	804,212
Income tax	656,897	627,918
Unrestricted grants	1,868,938	1,875,254
Investment earnings	6,641	13,115
Other	<u>41,172</u>	<u>32,873</u>
Total general receipts	<u>3,413,722</u>	<u>3,353,372</u>
Total receipts	<u>4,275,949</u>	<u>4,353,756</u>

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
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	<b>Change in Net Position</b>	
	<b>(Continued)</b>	
	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
<b>Disbursements:</b>		
Instruction:		
Regular	\$ 1,853,391	\$ 1,929,383
Special	362,704	328,790
Vocational	33,158	25,400
Support services:		
Pupil	116,665	93,882
Instructional staff	122,778	114,120
Board of education	39,462	30,949
Administration	409,673	401,999
Fiscal	217,436	186,431
Operations and maintenance	426,097	340,009
Pupil transportation	165,463	240,787
Food service operations	154,635	164,881
Other non instructional services	3,184	-
Extracurricular	186,480	169,517
Facilities acquisition and construction	-	42,462
Debt service:		
Principal retirement	55,000	55,000
Interest and fiscal charges	<u>15,755</u>	<u>16,415</u>
Total disbursements	<u>4,161,881</u>	<u>4,140,025</u>
Change in net position	114,068	213,731
Net position at beginning of year	<u>2,867,212</u>	<u>2,653,481</u>
Net position at end of year	<u>\$ 2,981,280</u>	<u>\$ 2,867,212</u>

**Governmental Activities**

Governmental net position increased by \$114,068 in 2013 from 2012. Total governmental disbursements of \$4,161,881 were offset by program receipts of \$862,227 and general receipts of \$3,413,722. Program receipts supported 20.72% of the total governmental disbursements.

The primary sources of receipts for governmental activities are derived from property taxes, income taxes and grants and entitlements. These receipt sources represent 78.72% of total governmental receipts. Real estate property is reappraised every six years.

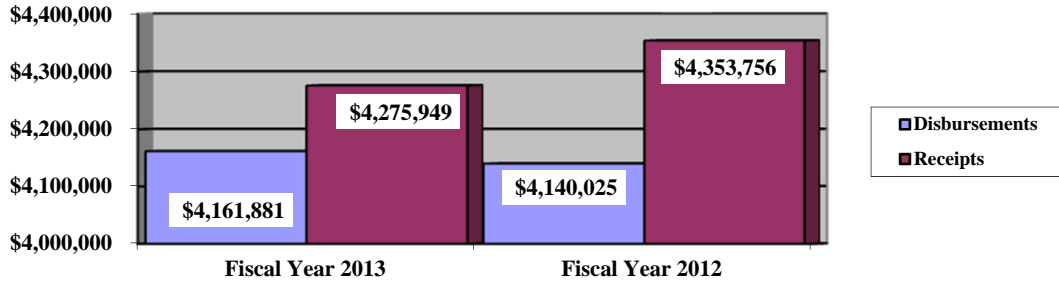
The largest disbursement of the District is for instructional programs. Instructional disbursements totaled \$2,249,253 or 54.04% of total governmental disbursements for fiscal year 2013.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The graph below presents the District's governmental activities receipts and disbursements for fiscal years 2013 and 2012.

**Governmental Activities - Total Receipts vs. Total Disbursements**



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

**Governmental Activities**

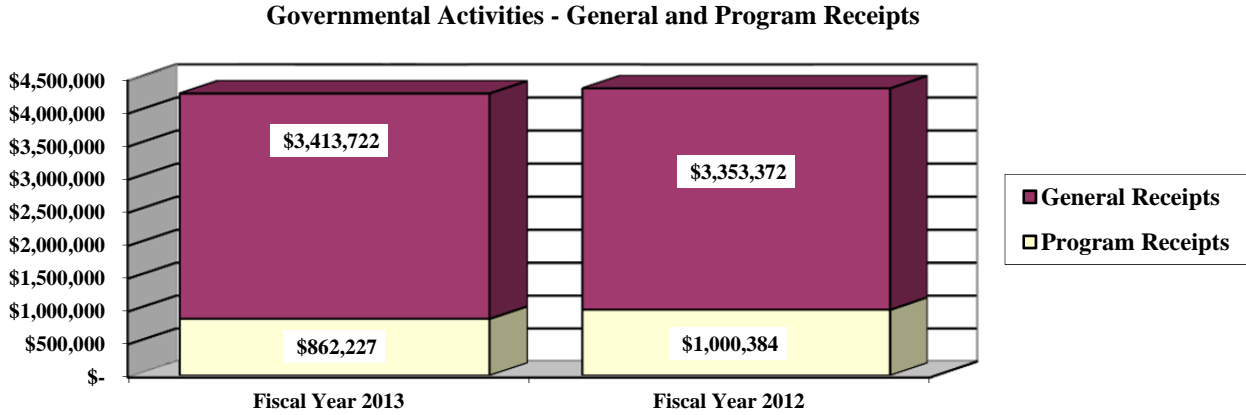
	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>
<b>Disbursements:</b>				
Instruction:				
Regular	\$ 1,853,391	\$ 1,564,483	\$ 1,929,383	\$ 1,509,299
Special	362,704	79,403	328,790	24,801
Vocational	33,158	32,557	25,400	24,799
Support services:				
Pupil	116,665	104,538	93,882	82,192
Instructional staff	122,778	110,553	114,120	101,839
Board of education	39,462	39,462	30,949	30,949
Administration	409,673	407,145	401,999	401,957
Fiscal	217,436	217,436	186,431	186,431
Operations and maintenance	426,097	421,415	340,009	328,933
Pupil transportation	165,463	155,060	240,787	231,489
Other non instructional services	3,184	-	-	-
Food service operations	154,635	3,846	164,881	7,310
Extracurricular	186,480	93,001	169,517	95,765
Facilities acquisition and construction	-	-	42,462	42,462
Debt service:				
Principal retirement	55,000	55,000	55,000	55,000
Interest and fiscal charges	15,755	15,755	16,415	16,415
<b>Total</b>	<u>\$ 4,161,881</u>	<u>\$ 3,299,654</u>	<u>\$ 4,140,025</u>	<u>\$ 3,139,641</u>

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
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The dependence upon general receipts for instructional activities is apparent; with 74.53% of disbursements supported through taxes and other general receipts during 2013. For all governmental activities, general receipts support is 79.28%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support of the District's students.

The graph below presents the District's governmental activities receipts for fiscal year 2013 and 2012.



**The District's Funds**

The District's governmental funds reported a combined fund cash balance of \$2,947,540 which is \$80,328 above last year's total of \$2,867,212. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2013 and June 30, 2012, for all major and nonmajor governmental funds.

	Fund Balance <u>June 30, 2013</u>	Fund Balance <u>June 30, 2012</u>	Increase/ <u>(Decrease)</u>
General	\$ 2,258,407	\$ 2,201,489	\$ 56,918
Classroom facilities maintenance fund	321,075	292,220	28,855
Other governmental funds	<u>368,058</u>	<u>373,503</u>	<u>(5,445)</u>
Total	<u>\$ 2,947,540</u>	<u>\$ 2,867,212</u>	<u>\$ 80,328</u>

**General Fund**

The general fund, the District's largest major fund, had total receipts of \$3,786,780 in 2013. The disbursements and other financing uses of the general fund, totaled \$3,729,862 in 2013. The general fund's balance increased \$56,918 or 2.59% from 2012 to 2013.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The table that follows assists in illustrating the receipts of the general fund.

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Receipts:</u></b>			
Taxes	\$ 1,440,990	\$ 1,354,626	6.38 %
Tuition	296,047	408,489	(27.53) %
Earnings on investments	6,015	11,889	(49.41) %
Other local revenues	87,226	69,151	26.14 %
Intergovernmental - State	<u>1,956,502</u>	<u>1,942,618</u>	0.71 %
Total	<u>\$ 3,786,780</u>	<u>\$ 3,786,773</u>	0.00 %

Earnings on investments decreased due to lower interest earnings on investments. During 2013, tuition receipts decreased \$112,442 or 27.53% due to the decrease in the number of district students. The increase in other local revenues is mainly due to receiving more for extracurricular activities. All other revenue remained comparable to 2012.

The table that follows assists in illustrating the disbursements of the general fund.

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Disbursements</u></b>			
Instruction	\$ 2,069,326	\$ 2,047,906	1.05 %
Support services	1,387,687	1,273,765	8.94 %
Extracurricular	<u>137,299</u>	<u>111,175</u>	23.50 %
Total	<u>\$ 3,594,312</u>	<u>\$ 3,432,846</u>	4.70 %

Support services increased \$113,922 or 8.94% due to an increase in operations and maintenance expenditures. Extracurricular expenditures increased \$26,124 or 23.50%, which were related to the public school support fund. All other disbursements remained comparable to 2012 with the overall increase of \$161,466 due in part to increases in wages and benefit costs.

***Classroom Facilities Maintenance Fund***

The classroom facilities maintenance fund had total receipts of \$29,113 in 2013. The disbursements of the classroom facilities maintenance fund, totaled \$258 in 2013. The classroom facilities maintenance fund's balance increased \$28,855 or 9.87% from 2012 to 2013.

***Budgeting Highlights - General Fund***

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

For the general fund, actual receipts of \$3,748,223 were lower than final budgeted receipts by \$145,424. The final budgeted disbursements and other financing uses of \$4,315,071 were higher than original budgeted disbursements and other financing uses of \$3,975,071. The actual disbursements and other financing uses of \$3,834,909 were \$480,162 lower than the final budgeted disbursements and other financing uses.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED  
(Continued)**

**Capital Assets and Debt Administration**

*Capital Assets*

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements; however, the District does track its capital assets through an excel spreadsheet.

*Debt Administration*

The District had the following long-term obligations outstanding at June 30, 2013 and 2012:

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
2010 Series bond refunding	<u>\$ 583,164</u>	<u>\$ 629,589</u>

For further information regarding the District's debt, refer to Note 9 to the financial statements.

**Current Financial Related Activities**

The District has carefully managed its general fund in order to optimize the dollars available for educating its students.

The District's local funding includes a continuing .75% income tax and an additional 5 year, .75% income tax. The additional .75% income tax became effective January 1, 2007. A renewal levy for this .75% income was approved by the voters on November 2, 2010 which will expire December 31, 2016. The District's real estate tax effective rate is 20 mils. This support from our local community is imperative because of stagnant State funding.

Formula ADM decreased from 441 in fiscal year 2003 to 347 in fiscal year 2013. This decrease in resident enrollment caused the District to be funded under State funding guarantees from fiscal year 2004 through fiscal year 2010. During fiscal years 2012 and 2013, public schools in Ohio were funded using the Bridge formula (Ohio's fiscal years 2012 and 2013 State budget).

Based on estimates of House Bill 59 (Ohio's fiscal years 2014 and 2015 budget) the school's state funding will remain the same as fiscal year 2013.

The District continues to strive to best utilize the resources available to them. It is imperative that the District's Board and management team continue to carefully and prudently plan in order to provide the resource required to meet student's desired needs over the next several years. It is always our goal to provide "a quality education in a small school setting".

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Jane A. Schalk, Treasurer, New Riegel Local School District, 44 N. Perry Street, New Riegel, Ohio 44853-0207.



**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2013

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 2,981,109
Cash with fiscal agent . . . . .	171
 Total assets. . . . .	 \$ 2,981,280
 <b>Net Position:</b>	
Restricted for:	
Locally funded programs . . . . .	\$ 2,508
Federally funded programs . . . . .	2,914
Student activities . . . . .	28,579
Classroom facilities maintenance . . . . .	321,075
Debt service. . . . .	202,700
Other purposes . . . . .	23,681
Unrestricted . . . . .	2,399,823
 Total net position. . . . .	 \$ 2,981,280

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Cash Disbursements	Program Cash Receipts		Net (Disbursements)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 1,853,391	\$ 246,252	\$ 42,656	\$ (1,564,483)
Special . . . . .	362,704	64,488	218,813	(79,403)
Vocational . . . . .	33,158	-	601	(32,557)
Support services:				
Pupil . . . . .	116,665	-	12,127	(104,538)
Instructional staff . . . . .	122,778	-	12,225	(110,553)
Board of education . . . . .	39,462	-	-	(39,462)
Administration . . . . .	409,673	-	2,528	(407,145)
Fiscal . . . . .	217,436	-	-	(217,436)
Operations and maintenance . . . . .	426,097	1,082	3,600	(421,415)
Pupil transportation . . . . .	165,463	9,610	793	(155,060)
Operation of non-instructional services:				
Other non-instructional services . . . . .	3,184	-	3,184	-
Food service operations . . . . .	154,635	103,048	47,741	(3,846)
Extracurricular activities . . . . .	186,480	89,364	4,115	(93,001)
Debt service:				
Principal retirement . . . . .	55,000	-	-	(55,000)
Interest and fiscal charges . . . . .	15,755	-	-	(15,755)
<b>Total governmental activities . . . . .</b>	<b>\$ 4,161,881</b>	<b>\$ 513,844</b>	<b>\$ 348,383</b>	<b>(3,299,654)</b>

**General Receipts:**

Property taxes levied for:	
General purposes . . . . .	784,093
Special revenue . . . . .	14,464
Debt service . . . . .	41,517
School district income tax . . . . .	656,897
Grants and entitlements not restricted	
to specific programs . . . . .	1,868,938
Investment earnings . . . . .	6,641
Miscellaneous . . . . .	41,172
<b>Total general receipts . . . . .</b>	<b>3,413,722</b>
Change in net position . . . . .	114,068
<b>Net position at beginning of year . . . . .</b>	<b>2,867,212</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 2,981,280</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	<b>General</b>	<b>Classroom Facilities Maintenance</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 2,258,407	\$ 321,075	\$ 367,887	\$ 2,947,369
Cash with fiscal agent. . . . .	-	-	171	171
Total assets . . . . .	<u>\$ 2,258,407</u>	<u>\$ 321,075</u>	<u>\$ 368,058</u>	<u>\$ 2,947,540</u>
<b>Fund balances:</b>				
Restricted:				
Debt service . . . . .	\$ -	\$ -	\$ 202,700	\$ 202,700
Classroom facilities maintenance . . . . .	-	321,075	-	321,075
Food service operations . . . . .	-	-	23,681	23,681
Extracurricular. . . . .	-	-	28,579	28,579
Special education . . . . .	-	-	1,821	1,821
Other purposes. . . . .	-	-	3,601	3,601
Committed:				
Termination benefits. . . . .	32,942	-	-	32,942
Assigned:				
Student instruction . . . . .	3,669	-	-	3,669
Student and staff support. . . . .	15,777	-	-	15,777
Capital improvements . . . . .	-	-	107,676	107,676
Public school support . . . . .	7,782	-	-	7,782
Medical insurance reserve . . . . .	112,460	-	-	112,460
Unassigned . . . . .	2,085,777	-	-	2,085,777
Total fund balances . . . . .	<u>\$ 2,258,407</u>	<u>\$ 321,075</u>	<u>\$ 368,058</u>	<u>\$ 2,947,540</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION - CASH BASIS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2013

<b>Total governmental fund balances</b>	\$ 2,947,540
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*Amounts reported for governmental activities on the statement of net position are different because:*

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities on the statement of net position.

33,740

**Net position of governmental activities**

\$ 2,981,280

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Classroom Facilities Maintenance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>				
From local sources:				
Property taxes . . . . .	\$ 784,093	\$ 14,464	\$ 41,517	\$ 840,074
Income taxes . . . . .	656,897	-	-	656,897
Tuition . . . . .	296,047	-	-	296,047
Charges for services . . . . .	-	-	103,026	103,026
Earnings on investments . . . . .	6,015	626	22	6,663
Extracurricular . . . . .	33,081	-	65,893	98,974
Classroom materials and fees . . . . .	14,693	-	-	14,693
Contributions and donations . . . . .	749	-	4,817	5,566
Rental income . . . . .	1,082	-	-	1,082
Other local revenues . . . . .	37,621	-	606	38,227
Intergovernmental - intermediate . . . . .	-	-	528	528
Intergovernmental - state . . . . .	1,956,502	14,023	16,350	1,986,875
Intergovernmental - federal . . . . .	-	-	225,101	225,101
Total receipts . . . . .	<u>3,786,780</u>	<u>29,113</u>	<u>457,860</u>	<u>4,273,753</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular . . . . .	1,784,833	-	57,298	1,842,131
Special . . . . .	251,335	-	111,369	362,704
Vocational . . . . .	33,158	-	-	33,158
Support services:				
Pupil . . . . .	104,547	-	12,118	116,665
Instructional staff . . . . .	110,666	-	12,112	122,778
Board of education . . . . .	39,462	-	-	39,462
Administration . . . . .	400,849	-	8,824	409,673
Fiscal . . . . .	216,562	258	616	217,436
Operations and maintenance . . . . .	358,620	-	67,477	426,097
Pupil transportation . . . . .	156,981	-	8,482	165,463
Operation of non-instructional services:				
Other operation of non-instructional . . . . .	-	-	3,184	3,184
Food service operations . . . . .	-	-	154,635	154,635
Extracurricular activities . . . . .	137,299	-	49,181	186,480
Debt service:				
Principal retirement . . . . .	-	-	55,000	55,000
Interest and fiscal charges . . . . .	-	-	15,755	15,755
Total disbursements . . . . .	<u>3,594,312</u>	<u>258</u>	<u>556,051</u>	<u>4,150,621</u>
Excess (deficiency) of receipts over (under) disbursements . . . . .	<u>192,468</u>	<u>28,855</u>	<u>(98,191)</u>	<u>123,132</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	-	82,746	82,746
Transfers (out) . . . . .	(125,550)	-	-	(125,550)
Advances in . . . . .	-	-	10,000	10,000
Advances (out) . . . . .	(10,000)	-	-	(10,000)
Total other financing sources (uses) . . . . .	<u>(135,550)</u>	<u>-</u>	<u>92,746</u>	<u>(42,804)</u>
Net change in fund balances . . . . .	56,918	28,855	(5,445)	80,328
<b>Fund balances at beginning of year . . . . .</b>	<u>2,201,489</u>	<u>292,220</u>	<u>373,503</u>	<u>2,867,212</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 2,258,407</u>	<u>\$ 321,075</u>	<u>\$ 368,058</u>	<u>\$ 2,947,540</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - CASH BASIS  
TO THE STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<b>Net change in fund balances - total governmental funds</b>	\$	80,328
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*Amounts reported for governmental activities in the  
statement of activities are different because:*

An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service fund is allocated among the governmental activities.

33,740
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<b>Change in net position of governmental activities</b>	\$	<u>114,068</u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
From local sources:				
Property taxes . . . . .	\$ 834,579	\$ 834,579	\$ 784,093	\$ (50,486)
Income taxes . . . . .	670,284	670,284	656,897	(13,387)
Tuition . . . . .	303,143	303,143	296,047	(7,096)
Earnings on investments . . . . .	8,215	8,215	6,015	(2,200)
Extracurricular . . . . .	2,589	2,589	2,500	(89)
Classroom materials and fees . . . . .	17,525	17,525	14,693	(2,832)
Rental income . . . . .	1,539	1,539	1,082	(457)
Contributions and donations . . . . .	302	302	53	(249)
Other local revenues . . . . .	37,485	37,485	30,341	(7,144)
Intergovernmental - State . . . . .	2,017,986	2,017,986	1,956,502	(61,484)
Total receipts . . . . .	<u>3,893,647</u>	<u>3,893,647</u>	<u>3,748,223</u>	<u>(145,424)</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular . . . . .	1,817,378	2,125,617	1,773,510	352,107
Special . . . . .	222,404	228,666	249,100	(20,434)
Vocational . . . . .	33,069	34,000	33,158	842
Support services:				
Pupil . . . . .	89,478	91,997	104,067	(12,070)
Instructional staff . . . . .	125,551	128,838	109,287	19,551
Board of education . . . . .	38,710	39,800	39,462	338
Administration . . . . .	397,857	409,059	397,451	11,608
Fiscal . . . . .	209,516	214,644	215,875	(1,231)
Operations and maintenance . . . . .	363,851	346,125	373,587	(27,462)
Pupil transportation . . . . .	148,932	153,125	156,431	(3,306)
Extracurricular activities . . . . .	114,963	118,200	112,062	6,138
Total disbursements . . . . .	<u>3,561,709</u>	<u>3,890,071</u>	<u>3,563,990</u>	<u>326,081</u>
Excess of receipts over disbursements . . . . .	<u>331,938</u>	<u>3,576</u>	<u>184,233</u>	<u>180,657</u>
<b>Other financing uses:</b>				
Transfers (out) . . . . .	(403,636)	(415,000)	(260,919)	154,081
Advances (out) . . . . .	(9,726)	(10,000)	(10,000)	-
Total other financing uses . . . . .	<u>(413,362)</u>	<u>(425,000)</u>	<u>(270,919)</u>	<u>154,081</u>
Net change in fund balance . . . . .	(81,424)	(421,424)	(86,686)	334,738
<b>Fund balance at beginning of year . . . . .</b>	2,141,642	2,141,642	2,141,642	-
<b>Prior year encumbrances appropriated . . . . .</b>	30,071	30,071	30,071	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,090,289</u>	<u>\$ 1,750,289</u>	<u>\$ 2,085,027</u>	<u>\$ 334,738</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
CLASSROOM FACILITIES AND MAINTENANCE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
From local sources:				
Property taxes . . . . .	\$ 15,233	\$ 15,060	\$ 14,464	\$ (596)
Earnings on investments . . . . .	659	2,200	626	(1,574)
Intergovernmental - State . . . . .	14,768	13,400	14,023	623
Total receipts . . . . .	<u>30,660</u>	<u>30,660</u>	<u>29,113</u>	<u>(1,547)</u>
<b>Disbursements:</b>				
Current:				
Support Services:				
Fiscal . . . . .	400	400	258	142
Operations and maintenance . . . . .	20,000	20,000	-	20,000
Total disbursements . . . . .	<u>20,400</u>	<u>20,400</u>	<u>258</u>	<u>20,142</u>
Net change in fund balance . . . . .	10,260	10,260	28,855	18,595
<b>Fund balance at beginning of year . . . . .</b>	<u>292,220</u>	<u>292,220</u>	<u>292,220</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 302,480</u>	<u>\$ 302,480</u>	<u>\$ 321,075</u>	<u>\$ 18,595</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF NET POSITION - CASH BASIS  
PROPRIETARY FUND  
JUNE 30, 2013

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents . . . . .	\$ 33,740
<b>Net position:</b>	
Unrestricted. . . . .	\$ 33,740

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN NET POSITION - CASH BASIS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Operating receipts:</b>	
Charges for services . . . . .	\$ 2,196
<b>Operating disbursements:</b>	
Claims . . . . .	<u>11,260</u>
Operating (loss) . . . . .	<u>(9,064)</u>
Transfer in . . . . .	<u>42,804</u>
Change in net position . . . . .	33,740
<b>Net position at beginning of year . . . . .</b>	<u>-</u>
<b>Net position at end of year . . . . .</b>	<u><u>\$ 33,740</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS  
JUNE 30, 2013

	<b>Agency</b>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents . . . . .	\$ 41,146
<b>Net position:</b>	
Held for student activities . . . . .	\$ 39,635
Held for employee benefits . . . . .	1,511
Total net position . . . . .	\$ 41,146

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 1 - REPORTING ENTITY**

New Riegel Local School District (the "District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State and Federal guidelines.

The District was established in 1841 through the consolidation of existing land areas and school districts. The District serves an area approximately 30 square miles. It is located in Seneca County and includes the entire Village of New Riegel. The District is the 653<sup>rd</sup> largest in the State of Ohio (among 918 school districts) in terms of enrollment. It is staffed by 25 classified employees, 33 certified teaching personnel and 3 administrative employees who provide services to 372 students in grades K through 12 and other community members. The District currently operates one elementary, one middle school and one comprehensive high school.

The reporting entity is composed of the primary government and other organizations that are included to insure the financial statements are not misleading.

**A. Primary Government**

The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

**B. Component Units**

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units.

**C. Other Organizations**

The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

**JOINTLY GOVERNED ORGANIZATIONS**

**Northern Ohio Educational Computer Association (NOECA)**

The District is a participant in the NOECA, which is a computer consortium. NOECA is an association of forty-one public school districts formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

**NOTE 1 - REPORTING ENTITY - (Continued)**

among member school districts. The NOECA Board of Directors consists of two representatives from each county in which participating school districts are located, the chairman of each of the operating committees, and a representative from the fiscal agent. Financial information can be obtained from Betty Schwiefert, who serves as Controller, 1210 East Bogart Road, Sandusky, Ohio 44870.

Vanguard-Sentinel Technology and Career Centers

The Vanguard-Sentinel Technology and Career Centers is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Vanguard-Sentinel Technology and Career Centers at 1306 Cedar Street, Fremont, Ohio 43420.

Northwestern Ohio Educational Research Council, Inc. (NOERC)

The NOERC is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the NOERC, Box 456, Ashland, Ohio 44805.

Bay Area Council of Governments (BACG)

The BACG is a jointly governed organization. Members of the BACG consist of twenty-six school districts representing seven counties (Ottawa, Sandusky, Seneca, Erie, Huron, Wood, and Crawford). The BACG was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through the council of governments are natural gas and insurance. The only cost to the District is an administrative charge if they participate in purchasing through the BACG. The BACG consists of the superintendent of each participating school district. The Board of Directors of the BACG consist of one elected representative of each county, the superintendent of the fiscal agent, and two non-voting members (administrator and fiscal officer). Members of the Board serve staggered two-year terms. The District paid \$12,493 during fiscal year 2013 for natural gas. Financial information is available from the North Point Educational Service Center (fiscal agent), at 1210 East Bogart Road, Sandusky, Ohio 44870.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in a group retrospective rating program for workers' compensation as established in Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP) was established as an insurance purchasing pool. The GRP is governed by a three-member Board of Directors. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. Refer to Note 10.B. for further information on this group rating program.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed in Note 2.A, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

**A. Basis of Accounting**

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related receipts (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related disbursements (such as accounts payable and expenses for goods and services received, but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**B. Fund Accounting**

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. The following are the District's major governmental funds:

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Classroom facilities maintenance fund -The classroom facilities maintenance fund is used to account for the proceeds of a levy for the maintenance of facilities.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

PROPRIETARY FUND

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

Internal Service Fund: The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides dental and vision benefits to employees.

**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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature and do not involve measurement of results of operations. The District's agency funds account for student activities and employee benefits.

**C. Basis of Presentation**

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of cash receipts and cash disbursements.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

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

**D. Budgetary Process**

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

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

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

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

**E. Cash and Investments**

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

During fiscal year 2013, investments were limited to nonnegotiable certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the fund from which the investment was made. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$6,015, which includes \$1,207 assigned from other funds.

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

**F. Inventory and Prepaid Items**

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**H. Accumulated Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.



**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

**I. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**J. Long-Term Obligations**

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

**K. Fund Cash Balance**

The District reports classifications of fund balance based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board of Education.

Assigned - amounts that are constrained by the District's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the District's formal purchasing procedure by the Treasurer. Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The District applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**L. Net Position**

Net position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The District applies restricted resources first when a disbursement is incurred for purposes for which both restricted and unrestricted cash are available.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

**M. Interfund Activity**

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

Interfund activity between governmental funds is eliminated in the statement of activities.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

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

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)**

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

**B. Compliance**

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets and deferred outflows, liabilities and deferred inflows, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, 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 receipts, disbursements and changes in fund balance - budget and actual (budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash).

The following table summarizes the adjustments necessary to reconcile the budgetary basis statement to the cash basis statement for the general fund and classroom facilities maintenance fund:

	<b>Net Change in Fund Balance</b>	
	General fund	Classroom Facilities Maintenance
Budget basis	\$ (86,686)	\$ 28,855
Funds budgeted elsewhere **	123,408	-
Adjustment for encumbrances	20,196	-
Cash basis	\$ 56,918	\$ 28,855

\*\* As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis. This includes the public school support fund and termination benefits fund.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligation described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstance, corporate debt interest rate in either of the two highest classifications by at least two nationally recognized rating agencies.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

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

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

**A. Cash with Fiscal Agent**

The District had \$171 in cash held by the North Central Ohio Educational Service Center which is included on the balance sheet as "cash with fiscal agents". The Educational Service Center holds this flow through grant money for the District along with that of other school districts and therefore is not included in the cash balances below.

**B. Deposits with Financial Institutions**

At June 30, 2013, the carrying amount of all District deposits was \$3,022,255. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$2,050,025 of the District's bank balance of \$3,070,894 was exposed to custodial risk as discussed below, while \$1,020,869 was covered by the FDIC.

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

**C. Investments**

As of June 30, 2013, the District had no investments.

**D. Reconciliation of Cash to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2013:

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,022,255
Cash with fiscal agent	<u>171</u>
Total	<u>\$ 3,022,426</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 2,981,280
Agency funds	<u>41,146</u>
Total	<u>\$ 3,022,426</u>

**NOTE 6 - INTERFUND TRANSACTIONS**

**A. Interfund transfers**

Interfund transfers for the year ended June 30, 2013, consisted of the following, as reported on the fund statements:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 82,746
Internal service fund	<u>42,804</u>
	<u>\$ 125,550</u>

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

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

**B. Advances**

Advances for the year ended June 30, 2013, consisted of the following, as reported on the fund financial statements:

<u>Advance to nonmajor governmental funds from:</u>	
General fund	\$ 10,000
 <u>Advance to general fund from:</u>	
Nonmajor governmental funds	\$ 10,000

The general fund and other nonmajor governmental funds have advanced in and out \$10,000 during the fiscal year. These advances were converted to permanent transfers in fiscal year 2014.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

**NOTE 6 - INTERFUND TRANSACTIONS – (Continued)**

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

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the 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 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Seneca County. The County Auditor periodically advances to the 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 tax bills are sent.

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

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 38,767,280	95.02	\$ 38,982,890	94.68
Public utility personal	<u>2,033,830</u>	<u>4.98</u>	<u>2,190,880</u>	<u>5.32</u>
Total	<u>\$ 40,801,110</u>	<u>100.00</u>	<u>\$ 41,173,770</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$40.50		\$40.50	

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

**NOTE 8 - SCHOOL DISTRICT INCOME TAX**

The District levies a voted tax of three-quarters of one percent (0.75%) for general operations on the income of residents and of estates. The tax was effective on January 1, 1990, and is a continuing tax. An additional tax of three-quarters of one percent (0.75%) was passed by the voters on May 2, 2006. This additional tax is for five years beginning January 1, 2007, for the purpose of current expenses. The levy was renewed by the voters on November 2, 2011 and will expire December 31, 2016. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund. Total income tax revenue for fiscal year 2013 equaled \$656,897.

**NOTE 9 - LONG-TERM OBLIGATIONS**

- A. *Classroom Facilities Improvement Refunding Bonds - Series 2010* - On December 22, 2010, the District issued series 2010 classroom facilities improvement refunding bonds to refund the callable portion of the series 2001 general obligation bonds (principal \$680,000). Issuance proceeds totaling \$698,464 were deposited with an escrow agent.

This refunding issue is comprised of both current interest term bonds and capital appreciation bonds, in the amount of \$645,000 and \$34,999, respectively. The interest rate on the term bonds range from 1.20% to 3.80%. The bonds were issued for a thirteen year period, with final maturity during fiscal year 2024. The bonds will be retired through the debt service fund (a nonmajor governmental fund). The capital appreciation bonds mature December 1, 2019 and 2020 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. Both capital appreciation bonds bear an approximate compounding interest rate of 13.510%. The accreted value at maturity for both capital appreciation bonds is \$60,000 each.

The \$110,000 current interest term bonds matured on December 1, 2012, with interest at the rate of 1.20% per year and be subject to mandatory sinking fund redemption on December 1, 2011 (Mandatory Redemption Date), in the principal amount of \$55,000 (with the balance of \$55,000 to be paid at maturity on December 1, 2012).

The \$105,000 current interest term bonds maturing on December 1, 2014, shall bear interest at the rate of 1.80% per year and be subject to mandatory sinking fund redemption on December 1, 2013 (Mandatory Redemption Date), in the principal amount of \$50,000 (with the balance of \$55,000 to be paid at maturity on December 1, 2014).

The \$115,000 current interest term bonds maturing on December 1, 2016, shall bear interest at the rate of 2.30% per year and be subject to mandatory sinking fund redemption on December 1, 2015 (Mandatory Redemption Date), in the principal amount of \$55,000 (with the balance of \$60,000 to be paid at maturity on December 1, 2016).

The \$120,000 current interest term bonds maturing on December 1, 2018, shall bear interest at the rate of 2.90% per year and be subject to mandatory sinking fund redemption on December 1, 2017 (Mandatory Redemption Date), in the principal amount of \$60,000 (with the balance of \$60,000 to be paid at maturity on December 1, 2018).

The \$195,000 current interest term bonds maturing on December 1, 2023, shall bear interest at the rate of 3.80% per year and be subject to mandatory redemption requirements on December 1 in the years (Mandatory Redemption Dates) and in the principal amounts as follows (with the balance of \$65,000 to be paid at maturity on December 1, 2023).



**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

Year (December 1)	Amount
2021	\$ 65,000
2022	65,000

Principal and interest requirements to retire the classroom facilities improvement refunding bonds at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Classroom Facilities Improvement Refunding Bonds - Series 2010					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 50,000	\$ 14,975	\$ 64,975	\$ -	\$ -	\$ -
2015	55,000	14,030	69,030	-	-	-
2016	55,000	12,903	67,903	-	-	-
2017	60,000	11,580	71,580	-	-	-
2018	60,000	10,020	70,020	-	-	-
2019 - 2023	190,000	32,980	222,980	34,999	85,001	120,000
2024	65,000	1,235	66,235	-	-	-
Total	\$ 535,000	\$ 97,723	\$ 632,723	\$ 34,999	\$ 85,001	\$ 120,000

**B.** During fiscal year 2013, the following activity occurred in governmental activities long-term obligations:

	Balance Outstanding June 30, 2012	Additions	Reductions	Balance Outstanding June 30, 2013	Amounts Due in One Year
<b>Governmental activities:</b>					
Classroom facilities improvement refunding bonds, series 2010					
Current interest term bonds	\$ 590,000	\$ -	\$ (55,000)	\$ 535,000	\$ 50,000
Capital appreciation bonds (CABs)	34,999	-	-	34,999	-
Accreted interest on CAB's	4,590	8,575	-	13,165	-
Total long-term obligations, governmental activities	\$ 629,589	\$ 8,575	\$ (55,000)	\$ 583,164	\$ 50,000

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation use in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$3,338,340 (including available funds of \$202,700) and an unvoted debt margin of \$41,174.

**NOTE 10 - RISK MANAGEMENT**

**A. Comprehensive**

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, boiler/machinery and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90% coinsured. The following is a description of the District's insurance coverage:

<u>Coverage</u>	<u>Insurer</u>	<u>Coverage</u>	<u>Deductible</u>
General liability:	Phelan Insurance		
Each occurrence		\$ 1,000,000	\$ -
Aggregate		2,000,000	-
Building and contents	Phelan Insurance		2,500
Fleet:	Phelan Insurance		
Comprehensive		1,000,000	-
Collision		1,000,000	1,125
Umbrella:	Phelan Insurance		
Each Occurrence		2,000,000	-
Aggregate		2,000,000	-

Settled claims have not exceeded this commercial coverage in any of the past three years. Also, the District has not materially reduced its coverage in the past year.

**B. Workers' Compensation**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 1.C.). The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

**C. Medical, Vision, and Dental Insurance**

The District elected to provide medical benefits to employees. The District pays a portion of the medical benefits' high deductible plan for employees. The plan is administered by Anthem and Custom Design Benefits.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**NOTE 10 - RISK MANAGEMENT – (Continued)**

The District offered vision and dental benefits to all employees through a self-insurance internal service fund. A comparison of self-insurance fund cash and cash equivalents to the actuarially-measured liability as of June 30 is as follows:

	<u>Amount</u>
Cash and cash equivalents	\$ 33,740
Actuarial liabilities	\$ 15,306

**NOTE 11 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$58,241, \$56,379 and \$52,027, respectively; 74.99 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

**NOTE 11 - PENSION PLANS – (Continued)**

lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$229,759, \$219,853 and \$215,397, respectively; 83.31 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

**NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)**

available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://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 2013, 0.16 percent of covered payroll was allocated to health care.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$7,436, \$9,182 and \$12,844, respectively; 74.99 percent has been contributed for fiscal year 2013 and 100 percent 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 District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$3,290, \$2,442 and \$3,348, respectively; 74.99 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**B. State Teachers Retirement System of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$17,674, \$16,912 and \$15,569, respectively; 83.31 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

**NOTE 13 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

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

**NOTE 14 - STATUTORY RESERVES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by 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 fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	64,473
Current year offsets	<u>(75,000)</u>
Total	<u>\$ (10,527)</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u>\$ -</u>

**NOTE 15 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be report as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)

**NOTE 15 - OTHER COMMITMENTS – (Continued)**

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 20,941
Other nonmajor governmental	<u>43,071</u>
Total	<u>\$ 64,012</u>

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# 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*

New Riegel Local School District  
Seneca County  
44 North Perry Street  
New Riegel, Ohio 44853-0207

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, each major fund, and the aggregate remaining fund information of New Riegel Local School District, Seneca County, Ohio (the District) as of and for the years ended June 30, 2014 and 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 19, 2015, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

### ***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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2014-002 described in the accompanying schedule of findings to be a material weakness.

***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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

***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 "Y" and "O".

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 19, 2015

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2014-001**

**Noncompliance Citation**

**Ohio Rev. Code § 117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of Stat has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**Ohio Admin. Code § 117-2-03(B)**, which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

The District prepared its financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, fund equities, and disclosures, that while material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

We recommend the District prepare its financial statements in accordance with generally accepted accounting principles.

**FINDING NUMBER 2014-002**

**Material Weakness**

**Financial Reporting**

The District's management is responsible for the fair presentation of the financial statements. Errors were noted in the financial statements, resulting in adjustments and reclassification ranging in amounts from \$533 to \$279,570. The significant adjustments and reclassification were as follows:

- General fund Final Budgeted expenditures were less than the Board approved appropriation resolution plus appropriation amendments (FY 2014 - \$115,600) (FY 2013 - \$259,000);
- General fund Budgeted Tuition receipts were classified as Intergovernmental (FY 2014 - \$252,000);
- General fund Actual Tuition receipts were classified as Intergovernmental on the budgetary statement (FY 2014 - \$279,570);
- Dental Self-Insurance, FY2014 beginning fund balance, receipts, and disbursements (\$18,629, \$12,939, and \$22,774, respectively) and FY2013 receipts, transfers in and disbursements (\$1,663, \$25,770 and \$8,804, respectively) were reported with the General fund rather than in a separate

Internal Service fund. Ending fund balance (FY 2014 - \$8,794) (FY 2013 - \$18,629) was classified in the General fund as Assigned rather than in a separate Internal Service fund as Unrestricted; and

- Vision Self-Insurance, FY2014 beginning balance, receipts, and disbursements (\$15,111, \$5,789, \$11,287, respectively) and FY2013 receipts, transfers in, and disbursements (\$533, \$17,034, and \$2,456, respectively) were reported with the General fund rather than in a separate Internal Service fund. Ending fund balance (FY 2014 - \$9,613) (FY 2013 - \$15,111) was classified in the General fund as Assigned rather than in a separate Internal Service fund as Unrestricted.

The accompanying financial statements have been adjusted to correct these errors.

The District should adopt policies and procedures to ensure the District's financial statements and notes to the statements are complete and accurate, including a final review of the annual report by the Treasurer and Board of Education to identify and correct errors, omissions, and misclassifications.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Ohio Admin. Code § 117-2-03(B), for reporting on a basis other than generally accepted accounting principles.	No	Not corrected. Repeated in this report as finding 2014-001.

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

New Riegel Local School District  
Seneca County  
44 North Perry Street  
New Riegel, Ohio 44853-0207

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 New Riegel Local School District, Seneca County, Ohio (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.

We noted the Board amended its anti-harassment policy at its meeting on May 15, 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 of Education 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

February 19, 2015

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# Dave Yost • Auditor of State

**NEW RIEGEL LOCAL SCHOOL DISTRICT**

**SENECA 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 10, 2015**