

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

Board of Education
Riverdale Local School District
20613 St. Rt.37
Mt. Blanchard, Ohio 45867

We have reviewed the *Independent Auditor's Report* of the Riverdale Local School District, Hardin County, prepared by E.S. Evans and Company, for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 7, 2009

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RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

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E.S. Evans and Company

Certified Public Accountants

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E.S. Evans, CPA, PFS (1930-1999) • Robert E. Wendel, CPA • Dan F. Clifford, CPA, CVA
Steven D. Hooker, CPA • John E. Klay, CPA

December 11, 2008

INDEPENDENT AUDITOR'S REPORT

Board of Education
Riverdale Local School District
Hardin County, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Riverdale Local School District as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. The basic financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Riverdale Local School District, as of June 30, 2008, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated December 11, 2008 on our consideration of Riverdale Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting, or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with Government Auditing Standards. You should read it in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

E. J. Green and Company

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2008

The discussion and analysis of the Riverdale Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2008 are as follows:

In total, net assets decreased \$1,033,618.

General revenues accounted for \$9,124,003, or 83 percent of all revenues. Program specific revenues in the form of grants and contributions accounted for \$1,816,503, or 17 percent of total revenues of \$10,940,506.

The District's major funds included the General Fund, the Bond Retirement Fund, and the District Share of Building Project Fund. The General Fund had \$9,333,610 in revenues and other financing sources and \$9,609,429 in expenditures and other financing uses. The General Fund's balance decreased \$275,819 from the prior fiscal year. The Bond Retirement Fund's balance increased \$11,658 from the prior fiscal year. The District Share of Building Project Fund's balance increased \$74,707 from the prior fiscal year.

The revenue generated from the Bond Retirement Debt Service Fund is used to pay for the current portion of bonded debt.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column.

For the District, the General Fund is by far the most significant fund. The General Fund, the Bond Retirement Fund, and the District Share of Building Project Fund are the only three major funds.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2008

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities reflect how the District did financially during fiscal year 2008. These statements include all assets and liabilities using the accrual basis of accounting similar to which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid. These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets and the statement of activities, the District discloses a single type of activity:

Governmental Activities - All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, the Bond Retirement Fund, and the District Share of Building Project Fund. While the District uses many funds to account for its financial transactions, these funds are the most significant.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2008

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the accrual basis of accounting.

The District as a Whole

Table 1 provides a summary of the District's net assets for fiscal year 2008 compared to fiscal year 2007.

Table 1
Net Assets
Governmental Activities

	2008	2007
<u>Assets:</u>		
Current and Other Assets	\$7,215,596	\$7,237,174
Capital Assets, Net	19,949,345	20,762,270
Total Assets	27,164,941	27,999,444
<u>Liabilities:</u>		
Current and Other Liabilities	3,624,292	3,418,819
Long-Term Liabilities	5,275,251	5,281,609
Total Liabilities	8,899,543	8,700,428
<u>Net Assets:</u>		
Invested in Capital Assets, Net Related Debt	15,321,347	15,909,272
Restricted	2,483,341	2,445,213
Unrestricted	460,710	944,531
Total	\$18,265,398	\$19,299,016

The decrease in current assets was due to the increases in expenses during fiscal year 2008.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2008

Table 2 reflects the changes in net assets for fiscal year 2008 compared to fiscal year 2007.

Table 2
Change in Net Assets
Governmental Activities

	2008	2007
<u>Revenues:</u>		
Program Revenues:		
Charges for Services and Sales	\$754,585	\$721,553
Operating Grants, Contrib & Interest	1,061,918	1,091,045
Capital Grants and Contributions	-	-
Total Program Revenues	1,816,503	1,812,598
General Revenues:		
Property Taxes	2,315,943	2,395,138
Income Taxes	1,157,381	1,128,866
Grants and Entitlements	5,414,916	5,315,669
Interest	168,135	234,691
Miscellaneous	67,628	119,383
Total General Revenues	9,124,003	9,193,747
Total Revenues	10,940,506	11,006,345
<u>Expenses:</u>		
Instruction	7,164,392	6,994,543
Support Services:		
Pupils	283,200	288,306
Instructional Staff	425,315	430,784
Board of Education	52,021	89,887
Administration	796,445	763,494
Fiscal	254,583	227,398
Business	31,381	31,641
Operation and Maintenance of Plant	1,171,580	1,093,006
Pupil Transportation	656,254	724,781
Central	49,747	41,257
Non-Instructional	391,825	394,273
Extracurricular Activities	432,545	356,842
Capital Outlay	30,490	64,863
Interest and Fiscal Charges	234,346	240,902
Total Expenses	11,974,124	11,741,977
Increase/(Decrease) in Net Assets	(\$1,033,618)	(\$735,632)

The District had decreases in property tax revenues during fiscal year 2008. Increases in wages and benefits attributed to the increase in expenses for fiscal year 2008.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2008

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2007</u>
Instruction	\$7,164,392	\$5,921,550	\$6,994,543	\$5,816,536
Support Services:				
Pupils	283,200	269,635	288,306	233,156
Instructional Staff	425,315	423,794	430,784	429,434
Board of Education	52,021	52,021	89,887	89,887
Administration	796,445	791,445	763,494	737,851
Fiscal	254,583	254,583	227,398	227,398
Business	31,381	31,381	31,641	31,641
Operation and Maintenance of Plant	1,171,580	1,171,580	1,093,006	1,093,006
Pupil Transportation	656,254	637,557	724,781	693,927
Central	49,747	49,747	41,257	41,257
Non-Instructional	391,825	(5,436)	394,273	875
Extracurricular Activities	432,545	294,928	356,842	228,646
Capital Outlay	30,490	30,490	64,863	64,863
Interest and Fiscal Charges	234,346	234,346	240,902	240,902
Total Expenses	<u>\$11,974,124</u>	<u>\$10,157,621</u>	<u>\$11,741,977</u>	<u>\$9,929,379</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 82 percent of instruction activities is supported through taxes and other general revenues. For all governmental activities, support from general revenues is 85 percent. The remaining 15 percent is derived from tuition and fees, specific grants, and donations.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. The District's major governmental funds are the General Fund, the Bond Retirement Fund, and the District Share of Building Project Fund. Total governmental funds had revenues of \$10,925,604 and expenditures of \$11,168,307. The net negative change of \$242,703 in fund balance for the year indicates that the District had some difficulty in meeting current costs.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2008

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2008, the District amended its General Fund budget as needed.

Final expenditures were budgeted at \$11,086,003, while actual expenditures were \$9,780,861. The \$1,305,142 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the District had \$19,949,345 invested in capital assets (net of accumulated depreciation) for governmental activities. The table below shows a comparison of fiscal year 2008 to 2007.

	(Net of Depreciation)	
	2008	2007
Land	\$ 7,929	\$ 7,929
Land Improvements	651,753	711,113
Buildings and Building Improvements	17,424,913	17,922,309
Furniture, Fixtures, and Equipment	1,353,243	1,605,624
Vehicles	442,829	437,361
Books	68,678	77,934
Total Capital Assets	<u>19,949,345</u>	<u>20,762,270</u>

For further information regarding the District's capital assets, see the notes to the basic financial statements.

Debt

At June 30, 2008, the District had \$4,627,998 in building project general obligation bonds for building a new K-12 school building. The bonds were issued for a twenty-two year period, with final maturity on December 1, 2023. The bonds are being retired through the Bond Retirement Debt Service Fund.

At June 30, 2008, the District's overall legal debt margin was \$3,554,738, with an un-voted debt margin of \$90,919.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2008

Debt – (continued)

	Outstanding Debt at Year-End	
	2008	2007
Series 2003 Building Bonds	\$ <u>4,627,998</u>	\$ <u>4,852,998</u>

For further information regarding the District's debt, see the notes to the basic financial statements.

Current Issues

The District is holding its own in the state of a declining economy and uncertainty in State funding. The District's territory encompasses the villages of Mt Blanchard, Forest, Patterson and Wharton, and Delaware and Richland Townships, 97.6% of Jackson Township and smaller portions of 10 other townships in Northwest Ohio. It has a number of small businesses with agriculture being a major source of employment and income in the District.

The District is currently operating in the first year of the state biennium budget. 43 percent of District revenue sources are from local funds and 57 percent is from state and federal funds. The total expenditure per pupil was calculated at \$8,951.

Over the past several years, the District has remained in a good financial position. In November 2004, the District passed a five-year replacement levy of 6.9 mills. In November 2007, the District renewed a three-year 1% school district income tax to generate \$1,707,418 annually. These levies provide a source of funds for the financial operations and stability of the District. However, future finances are not without challenges as our community changes and state funding is revised. Some of these challenges are in the future of state funding for schools in light of the DeRolph court case and the long term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Joeline Ribley, Treasurer, Riverdale Local School District, 20613 SR 37, Mt Blanchard, Ohio 45867.

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RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF NET ASSETS

June 30, 2008

		<u>Governmental Activities</u>
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$	3,955,293
Restricted Assets:		
Equity in Pooled Cash and Cash Equivalents		44,975
Materials and Supplies Inventory		5,964
Accrued Interest Receivable		2,918
Accounts Receivable		4,328
Intergovernmental Receivable		1,058
Prepaid Items		126,902
Taxes Receivable		2,583,198
Income Taxes Receivable		490,960
Non-Depreciable Capital Assets		7,929
Depreciable Capital Assets, net		19,941,416
		<hr/>
Total Assets		27,164,941
		<hr/>
<u>Liabilities:</u>		
Accounts Payable		98,722
Accrued Wages and Benefits		770,817
Intergovernmental Payable		244,814
Accrued Interest Payable		18,120
Matured Compensated Absences Payable		19,070
Deferred Revenue		2,472,749
Long-Term Liabilities:		
Due Within One Year		235,000
Due in More Than One Year		5,040,251
		<hr/>
Total Liabilities		8,899,543
		<hr/>
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt		15,321,347
Restricted for Debt Service		261,006
Restricted for Capital Outlay		2,012,406
Restricted for Other Purposes		209,929
Unrestricted		460,710
		<hr/>
Total Net Assets	\$	<u><u>18,265,398</u></u>

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants Contributions and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$ 5,127,916	\$ 381,335	\$ 125,554	\$ -
Special	1,092,461	-	672,481	-
Vocational	269,662	-	63,472	-
Other	674,353	-	-	-
Support Services:				
Pupils	283,200	-	13,565	-
Instructional Staff	425,315	-	1,521	-
Board of Education	52,021	-	-	-
Administration	796,445	-	5,000	-
Fiscal	254,583	-	-	-
Business	31,381	-	-	-
Operation and Maintenance of Plant	1,171,580	-	-	-
Pupil Transportation	656,254	-	18,697	-
Central	49,747	-	-	-
Non-Instructional Services	391,825	235,633	161,628	-
Extracurricular Activities	432,545	137,617	-	-
Capital Outlay	30,490	-	-	-
Debt Service:				
Interest and Fiscal Charges	234,346	-	-	-
Totals	\$ 11,974,124	\$ 754,585	\$ 1,061,918	\$ -

General Revenues:

Taxes:
Property Taxes, Levied for General Purposes
Property Taxes, Levied for Debt Service
Property Taxes, Levied for Classroom Facilities
Income Taxes
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Proceeds from Capital Assets
Insurance Recoveries
Miscellaneous
Total General Revenues
Change in Net Assets
Net Assets Beginning of Year
Net Assets End of Year

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

and Change in Net Assets

Governmental
Activities

\$	(4,621,027)
	(419,980)
	(206,190)
	(674,353)
	(269,635)
	(423,794)
	(52,021)
	(791,445)
	(254,583)
	(31,381)
	(1,171,580)
	(637,557)
	(49,747)
	5,436
	(294,928)
	(30,490)
	<u>(234,346)</u>
	<u>(10,157,621)</u>

	1,862,284
	416,711
	36,948
	1,157,381
	5,414,916
	168,135
	1,310
	14,625
	51,693
	<u>9,124,003</u>
	<u>(1,033,618)</u>
	19,299,016
\$	<u><u>18,265,398</u></u>

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General	Bond Retirement Fund	District Share of Building Project	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Current Assets:					
Equity in Pooled Cash & Cash Equivalents	\$ 1,421,582	\$ 258,927	\$ 2,006,269	\$ 268,515	\$ 3,955,293
Materials and Supplies Inventory	-	-	-	5,964	5,964
Accrued Interest Receivable	2,918	-	-	-	2,918
Accounts Receivable	2,692	-	-	1,636	4,328
Intergovernmental Receivable	-	-	-	1,058	1,058
Prepaid Items	120,694	-	-	6,208	126,902
Taxes Receivable	2,081,264	459,476	-	42,458	2,583,198
Income Taxes Receivable	490,960	-	-	-	490,960
Restricted Assets:					
Equity in Pooled Cash & Cash Equivalents	44,975	-	-	-	44,975
Total Assets	\$ 4,165,085	\$ 718,403	\$ 2,006,269	\$ 325,839	\$ 7,215,596
<u>Liabilities:</u>					
Current Liabilities:					
Accounts Payable	\$ 90,044	\$ -	\$ -	\$ 8,678	\$ 98,722
Accrued Wages and Benefits	727,418	-	-	43,399	770,817
Intergovernmental Payable	228,625	-	-	16,189	244,814
Matured Compensated Absences Payable	18,032	-	-	1,038	19,070
Deferred Revenue	2,120,969	450,476	-	42,516	2,613,961
Total Liabilities	3,185,088	450,476	-	111,820	3,747,384
<u>Fund Balances:</u>					
Reserved:					
Reserved for Encumbrances	165,880	-	-	38,343	204,223
Reserved for Inventory	-	-	-	5,964	5,964
Reserved for Prepaid Items	120,694	-	-	6,208	126,902
Reserved for Property Taxes	39,000	9,000	-	1,000	49,000
Reserved for Textbooks	44,975	-	-	-	44,975
Unreserved, Undesignated, Reported in:					
General Fund	609,448	-	-	-	609,448
Special Revenue Funds	-	-	-	156,367	156,367
Debt Service Funds	-	258,927	-	-	258,927
Capital Projects Funds	-	-	2,006,269	6,137	2,012,406
Total Fund Balances	979,997	267,927	2,006,269	214,019	3,468,212
Total Liabilities and Fund Balances	\$ 4,165,085	\$ 718,403	\$ 2,006,269	\$ 325,839	\$ 7,215,596

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

June 30, 2008

Total Governmental Fund Balances		\$	3,468,212
Amounts reported for governmental activities on the statement of net assets are different because of the following:			
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.			19,949,345
Taxes Receivable that do not provide financial resources are not reported as revenues in governmental fund.			141,212
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:			
General Obligation Bonds Payable	\$	(4,627,998)	
Compensated Absences Payable		(647,253)	
Accrued Interest Payable		<u>(18,120)</u>	
			<u>(5,293,371)</u>
Net Assets of Governmental Activities		\$	<u><u>18,265,398</u></u>

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Bond Retirement Fund	District Share of Building Project	All Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Property and Other Local Taxes	\$ 1,854,386	\$ 413,751	\$ -	\$ 36,704	\$ 2,304,841
Income Tax	1,154,639	-	-	-	1,154,639
Intergovernmental	5,856,042	58,003	-	561,731	6,475,776
Interest	92,372	-	74,707	1,056	168,135
Tuition and Fees	315,892	-	-	45,078	360,970
Rent	20,365	-	-	-	20,365
Extracurricular Activities	-	-	-	137,617	137,617
Customer Sales and Services	-	-	-	235,633	235,633
Miscellaneous	38,604	-	-	13,089	51,693
Total Revenues	<u>9,332,300</u>	<u>471,754</u>	<u>74,707</u>	<u>1,030,908</u>	<u>10,909,669</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	4,071,851	-	-	45,550	4,117,401
Special	713,091	-	-	376,962	1,090,053
Vocational	269,482	-	-	-	269,482
Other	674,353	-	-	-	674,353
Support Services:					
Pupils	250,575	-	-	12,817	263,392
Instructional Staff	409,887	-	-	2,974	412,861
Board of Education	52,021	-	-	-	52,021
Administration	799,865	-	-	5,238	805,103
Fiscal	249,391	-	-	1,171	250,562
Business	31,381	-	-	-	31,381
Operation and Maintenance of Plant	1,061,510	-	-	122,096	1,183,606
Pupil Transportation	695,046	-	-	-	695,046
Central	45,523	-	-	2,166	47,689
Operation of Non-Instructional Services	-	-	-	371,756	371,756
Extracurricular Activities	285,453	-	-	146,542	431,995
Capital Outlay	-	-	-	11,510	11,510
Debt Service:					
Principal	-	225,000	-	-	225,000
Interest	-	235,096	-	-	235,096
Total Expenditures	<u>9,609,429</u>	<u>460,096</u>	<u>-</u>	<u>1,098,782</u>	<u>11,168,307</u>
Excess of Revenues Over(Under) Expenditures	<u>(277,129)</u>	<u>11,658</u>	<u>74,707</u>	<u>(67,874)</u>	<u>(258,638)</u>
<u>Other Financing Sources and Uses:</u>					
Proceeds from Sale of Capital Assets	1,310	-	-	-	1,310
Insurance Recoveries	-	-	-	14,625	14,625
Total Other Financing Sources and Uses	<u>1,310</u>	<u>-</u>	<u>-</u>	<u>14,625</u>	<u>15,935</u>
Net Change in Fund Balances	<u>(275,819)</u>	<u>11,658</u>	<u>74,707</u>	<u>(53,249)</u>	<u>(242,703)</u>
Fund Balance (Deficit) at Beg of Year	1,255,816	256,269	1,931,562	267,268	3,710,915
Fund Balance (Deficit) at End of Year	<u>\$ 979,997</u>	<u>\$ 267,927</u>	<u>\$ 2,006,269</u>	<u>\$ 214,019</u>	<u>\$ 3,468,212</u>

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds	\$		(242,703)
<p>Amounts reported for governmental activities on the statement of activities are different because of the following:</p> <p>Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year.</p>			
Capital Outlay - Depreciable Capital Assets	\$	144,348	
Depreciation		<u>(944,802)</u>	
			(800,454)
<p>The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a gain (loss) on disposal of capital assets on the statement of activities.</p>			
Gain (Loss) on Disposal of Capital Assets			(12,471)
<p>Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:</p>			
Intergovernmental		1,058	
Income Taxes		2,742	
Delinquent Property Taxes		<u>11,102</u>	
			14,902
<p>Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of activities.</p>			
			225,000
<p>Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:</p>			
Accrued Interest Payable		750	
Compensated Absences Payable		<u>(218,642)</u>	
			<u>(217,892)</u>
Change in Net Assets of Governmental Activities	\$		<u><u>(1,033,618)</u></u>

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 1,906,449	\$ 1,890,544	\$ 1,894,340	\$ 3,796
Income Tax	1,032,918	1,135,769	1,137,071	1,302
Intergovernmental	5,881,846	5,855,912	5,856,042	130
Interest	130,394	130,394	92,263	(38,131)
Tuition and Fees	283,928	311,077	315,919	4,842
Rent	6,037	19,455	19,455	-
Miscellaneous	40,241	38,345	40,732	2,387
Total Revenues	9,281,813	9,381,496	9,355,822	(25,674)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	4,331,001	4,409,024	4,037,676	371,348
Special	818,016	826,730	722,955	103,775
Vocational	291,282	295,439	259,810	35,629
Other	813,725	821,288	675,075	146,213
Support Services:				
Pupils	233,429	246,903	231,417	15,486
Instructional Staff	429,484	433,297	416,765	16,532
Board of Education	92,140	93,763	74,786	18,977
Administration	745,405	861,415	799,557	61,858
Fiscal	222,065	253,061	247,861	5,200
Business	33,713	36,173	31,381	4,792
Operation and Maintenance of Plant	1,104,955	1,200,162	1,043,584	156,578
Pupil Transportation	697,757	950,484	898,089	52,395
Central	-	44,990	44,091	899
Operation of Non-Instructional Services	-	44	-	44
Extracurricular Activities	-	299,461	297,814	1,647
Total Expenditures	9,812,972	10,772,234	9,780,861	991,373
Excess of Revenues Over (Under) Expenditures	(531,159)	(1,390,738)	(425,039)	965,699
<u>Other Financing Sources and Uses:</u>				
Transfers In	2,425	263,926	-	(263,926)
Advances In	-	7,186	7,186	-
Proceeds from Sale of Capital Assets	428	1,310	1,310	-
Insurance Recoveries	2,690	-	-	-
Advances Out	-	(4,886)	-	4,886
Transfers Out	-	(308,883)	-	308,883
Refund of Prior Year Expenditures	36,535	-	-	-
Total Other Financing Sources and Uses	42,078	(41,347)	8,496	49,843
Net Change in Fund Balances	(489,081)	(1,432,085)	(416,543)	1,015,542
Fund Balance (Deficit) at Beginning of Year	1,683,875	1,683,875	1,683,875	-
Prior Year Encumbrances Appropriated	38,911	38,911	38,911	-
Fund Balance (Deficit) at End of Year	\$ 1,233,705	\$ 290,701	\$ 1,306,243	\$ 1,015,542

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2008

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 21,763	\$ 41,902
Total Assets	<u>21,763</u>	<u>41,902</u>
Liabilities		
Current Liabilities:		
Due to Students	-	41,902
Total Liabilities	<u>-</u>	<u>41,902</u>
Net Assets		
Held in Trust for Scholarships	<u>21,763</u>	-
Total Net Assets	<u>\$ 21,763</u>	<u>\$ -</u>

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	<u>Private Purpose Trust</u>
<u>Additions:</u>	
Interest	\$ 1,003
Total Additions	<u>1,003</u>
<u>Deductions:</u>	
Payments in Accordance with Trust Agreements	<u>500</u>
Total Deductions	<u>500</u>
Change in Net Assets	503
Net Assets Beginning of Year	<u>21,260</u>
Net Assets End of Year	<u>\$ 21,763</u>

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Riverdale Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Riverdale Local School District is a city school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's seven instructional/support facilities staffed by 46 non-certified and 87 certified full-time teaching personnel who provide services to 1,020 students and other community members.

The Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. This includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

The statement of net assets presents the financial condition of the governmental activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore are clearly identifiable to a particular function. Program revenues 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. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General Fund, the Bond Retirement Fund, and the District Share of Building Project Fund are the District's major governmental funds:

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for property tax revenues to pay the principal and related interest on the school improvement bonds.

District Share of Building Project Fund - The District Share of Building Project Fund is used to account for the District share of the revenues and expenditures related to the construction of the new school building.

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted to a particular purpose.

Fiduciary Funds

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) of total net assets

Fund Financial Statements

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses

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

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

E. 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 primary level of budgetary control is at the object level for all funds.

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

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

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements. During fiscal year 2008, the School District had no investments.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. During fiscal year 2008, interest revenue credited to the General Fund was \$92,372, to the District Share of Building Project Fund was \$74,707, and \$1,056 to various other funds.

For presentation on the 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 that are not purchased from the pool are reported as investments.

G. Inventory

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

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased.

H. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation. Restricted assets include the amount required by State statute to be set aside for the acquisition of textbooks and instructional materials and the acquisition or construction of capital assets.

I. Capital Assets

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District's capitalization threshold is one thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

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

J. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net assets, except for any net residual amounts due between governmental activities, which are presented as internal balances.

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

N. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventory, prepaid items, property taxes, and textbooks and instructional materials.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

O. Interfund Assets/Liabilities

On the fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances within governmental activities are eliminated on the government-wide statement of net assets. The only interfund balances which remain on the government-wide statement of net assets are those between governmental activities. These amounts are reflected as "Internal Balances."

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

P. Estimates

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Q. Prepayments

Certain payments to vendors reflect costs or events applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and the expenditure/expense is reported in the year in which services are consumed.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2008.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and fund financial statements are the following:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING – (continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance Major Governmental Fund	
GAAP Basis	(\$275,819)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2007, Received In Cash FY 2008	480,387
Accrued FY 2008, Not Yet Received in Cash	(456,865)
Expenditure Accruals:	
Accrued FY 2007, Paid in Cash FY 2008	(943,057)
Accrued FY 2008, Not Yet Paid in Cash	943,425
Advances Net	7,186
Encumbrances Outstanding at Year End (Budget Basis)	(171,800)
Budget Basis	<u>(\$416,543)</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Active monies are public monies determined to be necessary to meet current demands upon the District Treasury. Active 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 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 monies are those monies that 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.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS – (continued)

Interim monies held by the District can be deposited or invested in the following securities:

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS – (continued)

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$4,079,788 of the District's bank balance of \$4,179,788 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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

B. Investments

During the fiscal year, the School District had no investments.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2008 represent the collection of calendar year 2007 taxes. Real property taxes for 2008 were levied after April 1, 2007, on the assessed values as of January 1, 2007, 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 real and tangible personal property taxes for 2008 were levied after April 1, 2007, on the assessed values as of December 31, 2006, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2008 (other than public utility property) represent the collection of calendar year 2008 taxes. Tangible personal property taxes for 2008 were levied after April 1, 2007, on the value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Hardin, Wyandot & Hancock 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, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2008 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 5 - PROPERTY TAXES – (continued)

The amount available as an advance at June 30, 2008 was \$39,000 in the General Fund, \$1,000 in the Special Revenue Fund and \$9,000 in the Bond Retirement Debt Service Fund. The amount available as an advance at June 30, 2007 was \$78,954 in the General Fund, \$1,930 in the Special Revenue Fund and \$18,659 in the Bond Retirement Debt Service Fund.

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$79,492,860	93%	\$86,238,290	95%
Public Utility	3,738,400	4%	3,141,380	3%
Tangible Personal	2,713,468	3%	1,539,623	2%
Total Assessed Value	\$85,944,728	100%	\$90,919,293	100%
Tax rate per \$1,000 of assessed valuation	\$37.70		\$37.70	

NOTE 6 - INCOME TAX

The District levies a voted tax of 1.0 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2005, and will continue for three years. This tax was subsequently renewed by voters in November 2007 for an additional 3 years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008, consisted of property, accounts (rent and student fees), intergovernmental, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Balance at June 30, 2007	Additions	Reductions	Balance at June 30, 2008
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$7,929	\$0	\$0	\$7,929
Total Nondepreciable Capital Assets	7,929			7,929
Depreciable Capital Assets				
Land Improvements	1,175,680	8,872	0	1,184,552
Buildings and Building Improvements	20,807,497	0	0	20,807,497
Furniture, Fixtures, and Equipment	3,539,495	50,912	0	3,590,407
Vehicles	967,010	84,564	124,712	926,862
Books	659,904	0	0	659,904
Total Depreciable Capital Assets	27,149,586	144,348	124,712	27,169,222
Less Accumulated Depreciation				
Land Improvements	464,567	68,232	0	532,799
Buildings and Building Improvements	2,885,188	497,396	0	3,382,584
Furniture, Fixtures, and Equipment	1,933,871	303,293	0	2,237,164
Vehicles	529,649	66,625	112,241	484,033
Books	581,970	9,256	0	591,226
Total Accumulated Depreciation	6,395,245	944,802	112,241	7,227,806
Depreciable Capital Assets, Net	20,754,341	(800,454)	12,471	19,941,416
Governmental Activities Capital Assets, Net	\$20,762,270	(\$800,454)	\$12,471	\$19,949,345

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 8 - CAPITAL ASSETS – (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$836,103
Special	1,170
Vocational	180
Pupil Instruction	1,525
Instructional Staff	641
Support Services:	
Administration	2,532
Fiscal	1,136
Operation and Maintenance of Plant	8,091
Transportation	44,907
Non-Instructional Services	20,402
Extracurricular	550
Capital Outlay	27,565
Total Depreciation Expense	<u>\$944,802</u>

NOTE 9 - RESTRICTED ASSETS

The following amounts, which are reflected on the statement of net assets, are restricted for textbook reserves:

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$44,975

NOTE 10 - RISK MANAGEMENT

School Employees' Health and Welfare Benefit Plan and Trust

The District participates in the School Employees' Health and Welfare Benefit Plan and Trust (the Plan), a public entity shared risk pool consisting of six local school districts and the Educational Service Center. The District pays monthly premiums to the Plan for Employee medical, dental and vision benefits. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, a participant is responsible for the payment for all Plan liabilities to its employees, dependents and designated beneficiaries accrued as a result of withdrawal.

Government Underwriters of America

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the District contracted for the following insurance coverages:

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 10 - RISK MANAGEMENT – (continued)

Coverage's provided by Government Underwriters of America are as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and Contents-replacement cost	\$1,000	\$36,076,664
Inland Marine:		
Computer Equipment	500	469,876
Crime:		
Public Employee Dishonesty	500	100,000
Theft, Disappearance & Destruction	500	25,000
Automobile:		
Liability	500	1,000,000
Uninsured Motorists	500	1,000,000
General Liability		
Per occurrence		1,000,000
Aggregate		2,000,000
Excess Liability		
Per occurrence		5,000,000
Aggregate		5,000,000
Educators Legal Liability		
Each Wrongful Act		1,000,000
Aggregate		2,000,000

Settled claims have not exceeded this coverage in any of the past three years.

Ohio School Boards Association Workers' Compensation Group Rating Program

For fiscal year 2008, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 11 - DEFINED PENSION BENEFIT PLANS

A. School Employees Retirement System

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

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 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$172,860, \$165,852, and \$165,192, respectively; 48 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 11 - DEFINED PENSION BENEFIT PLANS – (continued)

B. State Teachers Retirement System – (continued)

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

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

Funding Policy - For the fiscal year ended June 30, 2008, 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. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. 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, 2008, 2007, and 2006 were \$602,413, \$609,731, and \$578,327, respectively; 84 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the 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.

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 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

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

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$51,611, \$49,518, and \$49,322, respectively; 48 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$8,149, \$7,819, and \$7,788, respectively; 48 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 12 - POSTEMPLOYMENT BENEFITS – (continued)

B. State Teachers Retirement System

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

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 2008, 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, 2008, 2007, and 2006 were \$43,030, \$43,552, and \$41,309, respectively; 84 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 13 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 215 days for all personnel. Upon retirement, payment is made for 30 percent of accrued, but unused sick leave credit to a maximum of 65 days for classified employees and 65 days for certified employees. If an employee retires at their earliest legal opportunity, an additional 10 days will be added to their maximum days of severance pay.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 14 - LONG-TERM OBLIGATIONS

During the year ended June 30, 2008, the following changes occurred in obligations reported in the Government -Wide Financial Statements:

	Balance at 6/30/07	Additions	Deductions	Balance at 6/30/08	Due Within One Year
Series 2003 Building Bonds	\$4,852,998	\$0	\$225,000	\$4,627,998	\$235,000
Compensated Absences	428,611	232,241	13,599	647,253	0
Total	\$5,281,609	\$232,241	\$238,599	\$5,275,251	\$235,000

General Obligation Bonds - On June 1, 2002, Riverdale Local School District issued \$5,952,998 in voted general obligation bonds for school improvements. The bonds were issued for a twenty-two year period with final maturity at December 1, 2023 with an interest rate of 4.9525 percent. The bonds will be retired from the Bond Retirement Debt Service Fund.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2008, are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$235,000	\$212,592	\$447,592
2010	250,000	202,432	452,432
2011	250,000	191,651	441,651
2012	265,000	180,286	445,286
2013	98,230	351,160	449,390
2014-2018	1,279,768	941,932	2,221,700
2019-2023	1,845,000	351,015	2,196,015
2024	405,000	10,530	415,530
Total	\$4,627,998	\$2,441,598	\$7,069,596

NOTE 15 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 15 - SET-ASIDE CALCULATIONS AND FUND RESERVES – (continued)

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Cash Balance as of June 30,2007	\$60,507	\$0
Current Year Set-aside Requirement	162,560	162,560
Qualifying Disbursements	<u>(178,092)</u>	<u>(180,922)</u>
Total	<u>\$44,975</u>	<u>(\$18,362)</u>
Cash Balance Carried Forward to FY 2009	<u>\$44,975</u>	<u>\$0</u>

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

- A. Western Ohio Computer Organization** - The District is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of various public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, Shelby, and Miami Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The WOCO is governed by a board of directors consisting of the superintendents of the member school districts and the degree of control is limited to the representation on the board. Financial information can be obtained from Sharon Waldsmith, who serves as the Fiscal Agent, at 129 East Court Street, 4th Floor, Sidney, Ohio 45365.
- B. Millstream Cooperative Vocational Career Center** - The Millstream Cooperative Vocational Career Center (the Career Center) is a distinct political subdivision of the State of Ohio established under Section 3313.90 of the Ohio Revised Code. The Career Center provides vocational instruction to students. The Career Center operates under the direction of an Advisory Council consisting of the superintendent of each participating school district and one additional representative appointed by the Findlay City School District. The Treasurers from Hancock and Putnam County Educational Service Centers serve as an ex-officio capacity for all meetings. Financial information can be obtained from Findlay City School District, Pam Barber, who serves as Treasurer, at 227 South West Street, Findlay, Ohio 45840-3377.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 17 - GROUP PURCHASING POOLS

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

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

- B. Hardin County School Employees' Health and Welfare Benefit Plan and Trust** - The Hardin County School Employees' Health and Welfare Benefit Plan and Trust (the Trust) is a public entity shared risk pool consisting of six school districts and the Hardin County Educational Service Center. The Trust is organized as a Voluntary Employee Benefit association under Section 501(c) (9) of the Internal Revenue Code and provides sick, accident and other benefits to the employees of the participating school districts.

Each participating school district's superintendent is appointed to an Administrative Committee, which advises the Trustee, Ohio Bank, concerning aspects of the Trust.

Each school district decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Rick Combs, who services as Director, at 220 East Columbus Street, P.O. Box 735, Kenton, Ohio 44326.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 18 - RELATED ORGANIZATIONS

Forest-Jackson Public Library - The Forest-Jackson Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Forest-Jackson Public Library, Karen Moore, Clerk/Treasurer, at 122 East Lima Street, Forest, Ohio 45843.

NOTE 19 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2008.

B. Litigation

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

NOTE 20 – ACCOUNTABILITY AND COMPLIANCE

Contrary to Ohio law, appropriations exceeded available resources in the Harry Smith Trust Fund at June 30, 2008 by \$6,119.

RIVERDALE LOCAL SCHOOL DISTRICT
HARDIN COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2008

NOTE 21 - LEASES

On February 18, 2008, the School District entered into a lease-purchase agreement for a period of 36 months in the amount of \$80,994 for a Blue Bird School Bus with Cardinal Bus Sales. As of June 30, 2008, \$67,495 was remaining to be paid in equal quarterly installments of \$6,749.50.

The future annual requirements on the lease as of June 30, 2008 is scheduled as follows:

<u>Year Ending June 30</u>		<u>TOTAL</u>
2009	\$	26,998
2010		26,998
2011		<u>13,499</u>
	\$	<u><u>67,495</u></u>



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E.S. Evans, CPA, PFS (1930-1999) • Robert E. Wendel, CPA • Dan F. Clifford, CPA, CVA
Steven D. Hooker, CPA • John E. Klay, CPA

December 11, 2008

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

Board of Education
Riverdale Local School District
Hardin County, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Riverdale Local School District, Hardin County, Ohio, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Riverdale Local School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Riverdale Local School District's internal control.

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

However, we noted certain internal control matters that we reported to the District's management in separate letter dated December 11, 2008.

Compliance and Other Matters

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

In a separate letter to Riverdale Local School District's management dated December 11, 2008, we reported matters related to noncompliance.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, and the Auditor of State of Ohio. It is not intended for anyone other than these specified parties.





Mary Taylor, CPA
Auditor of State

RIVERDALE LOCAL SCHOOL DISTRICT

HARDIN 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
JANUARY 20, 2009**