

RIVERDALE LOCAL SCHOOL DISTRICT  
MT. BLANCHARD, OHIO  
FINANCIAL STATEMENTS  
JUNE 30, 1999



**RIVERDALE LOCAL SCHOOL DISTRICT  
MT. BLANCHARD, OHIO  
FINANCIAL STATEMENTS  
JUNE 30, 1999**

**PREPARED BY  
TREASURER'S DEPARTMENT**

RIVERDALE LOCAL SCHOOL DISTRICT  
GENERAL PURPOSE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 1999

**INTRODUCTORY SECTION**

List of Public Officials .....	ii
Independent Auditor's Report.....	iii

**FINANCIAL SECTION**

General Purpose Financial Statements;-	
Combined Balance Sheet - All Fund Types and Account Groups .....	1-2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund .....	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Fund.....	4-6
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance - Proprietary Fund Type and Non-Expendable Trust Fund .....	7
Combined Statement of Cash Flows - Proprietary Fund Type and Non-Expendable Trust Fund ..	8
Notes to the General Purpose Financial Statements .....	9-32
Reporting Based on Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	
	33-36
Status of Prior Audit Citations and Recommendations .....	37

LIST OF PUBLIC OFFICIALS

Superintendent ..... Joyce Plummer

Treasurer ..... Jeff Price, resigned 7-19-99  
Jodie Ribley, Interim

Board of Education ..... Laura Wilkerson, President  
Leon Walker, Vice President  
Brenda Beck  
Joe Hochstetler  
David Wolfe



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

35 North Fourth Street, 1<sup>st</sup> Floor  
Columbus, Ohio 43215

Telephone 614-466-4514  
800-282-0370

Facsimile 614-728-7398

Board of Education  
Riverdale Local School District  
20613 State Route 37  
Mt. Blanchard, Ohio 45867

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

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



JIM PETRO  
Auditor of State

July 5, 2000



## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Riverdale Local School District  
20613 State Route 37  
Mt. Blanchard, OH 45867

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

We conducted our audit in accordance with generally accepted auditing standards 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 general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Riverdale Local School District as of June 30, 1999, and the results of operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2000 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 grants.

*Holbrook & Manter, LLP*

Certified Public Accountants

April 26, 2000  
Marion, Ohio

iii

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
OHIO SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

RIVERDALE LOCAL SCHOOL DISTRICT  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 1999

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE		FIDUCIARY FUND TYPE	ACCOUNT GROUPS			TOTAL (MEMO) (ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECT	ENTERPRISE	TRUST AND AGENCY	GENERAL		LONG-TERM DEBT ACCT. GROUP		
							GENERAL ASSET ACCOUNT GROUP	GENERAL			
<b>ASSETS AND OTHER DEBITS:-</b>											
Equity in pooled cash and cash equivalents	\$ 1,318,893	\$ 164,122	\$ 2,337	\$ 674,943	\$ 41,074	\$ 52,257	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,253,626
Receivables:-											
Taxes	1,914,623	0	0	148,403	0	0	0	0	0	0	2,063,026
Accounts	14,696	188	0	0	192	300	0	0	0	0	15,376
Materials and supplies inventory	0	0	0	0	9,596	0	0	0	0	0	9,596
Restricted assets:-											
Equity in pooled cash and cash equivalents	34,136	0	0	0	0	0	0	0	0	0	34,136
Fixed assets	0	0	0	0	158,015	0	0	4,627,633	0	0	4,785,648
Accumulated depreciation	0	0	0	0	( 131,373)	0	0	0	0	0	( 131,373)
<b>OTHER DEBITS:-</b>											
Provided from General Government Resources	0	0	0	0	0	0	0	0	773,861	0	773,861
<b>Total assets and other debits</b>	<b>\$ 3,282,348</b>	<b>\$ 164,310</b>	<b>\$ 2,337</b>	<b>\$ 823,346</b>	<b>\$ 77,504</b>	<b>\$ 52,557</b>	<b>\$ 0</b>	<b>\$ 4,627,633</b>	<b>\$ 773,861</b>	<b>\$ 0</b>	<b>\$ 9,803,896</b>

The notes to the financial statements are an integral part of this statement.

RIVERDALE LOCAL SCHOOL DISTRICT  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 1999

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE		FIDUCIARY FUND TYPE		ACCOUNT GROUPS			TOTAL (MEMO) (ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECT	ENTERPRISE	TRUST AND AGENCY	GENERAL ASSET ACCOUNT GROUP	GENERAL DEBT ACCT. GROUP	GENERAL	LONG-TERM		
<b>LIABILITIES:-</b>												
Accounts payable	\$ 12,050	\$ 0	\$ 0	\$ 0	\$ 3,837	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,887
Accrued wages and benefits	441,203	5,600	0	0	11,174	0	0	0	0	0	0	457,977
Compensated absences payable	36,707	0	0	0	5,332	0	0	0	295,657	0	0	337,696
Inergovernmental payable	82,257	832	0	0	7,480	0	0	0	62,600	0	0	153,169
Deferred revenue	1,827,707	0	0	141,666	6,541	0	0	0	0	0	0	1,975,914
Due to students	0	0	0	0	0	0	31,144	0	0	0	0	31,144
Judgments payable	0	0	0	0	0	0	0	0	244,803	0	0	244,803
Energy Conservation Loan payable	0	0	0	0	0	0	0	0	32,801	0	0	32,801
General Obligation Bonds payable	0	0	0	0	0	0	0	0	138,000	0	0	138,000
Total liabilities	<u>2,399,924</u>	<u>6,432</u>	<u>0</u>	<u>141,666</u>	<u>34,364</u>	<u>0</u>	<u>31,144</u>	<u>0</u>	<u>773,861</u>	<u>0</u>	<u>0</u>	<u>3,387,391</u>
<b>FUND EQUITY AND OTHER CREDITS:-</b>												
Investment in general fixed assets	0	0	0	0	0	0	0	0	4,627,633	0	0	4,627,633
Retained earnings:-												
Unreserved	0	0	0	0	43,140	0	0	0	0	0	0	43,140
Fund balances:-												
Reserved:-												
Reserved for encumbrances	208,869	647,411	2,974	129,132	0	0	0	0	0	0	0	988,386
Reserved for contributions	0	0	0	0	0	0	20,000	0	0	0	0	20,000
Reserved for property taxes	86,916	0	0	6,737	0	0	0	0	0	0	0	93,653
Reserved for budget stabilization	34,136	0	0	0	0	0	0	0	0	0	0	34,136
Unreserved:-												
Unreserved, undesignated	552,503	( 489,533)	( 637)	545,811	0	0	1,413	0	0	0	0	609,557
Total fund equity and other credits	<u>882,424</u>	<u>157,878</u>	<u>2,337</u>	<u>681,680</u>	<u>43,140</u>	<u>0</u>	<u>21,413</u>	<u>4,627,633</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,416,505</u>
Total liabilities, fund equity and other credits	<u>\$ 3,282,348</u>	<u>\$ 164,310</u>	<u>\$ 2,337</u>	<u>\$ 823,346</u>	<u>\$ 77,504</u>	<u>\$ 52,557</u>	<u>\$ 4,627,633</u>	<u>\$ 773,861</u>	<u>\$ 9,803,896</u>			

The notes to the financial statements are an integral part of this statement.

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	GOVERNMENTAL FUND TYPES				FIDUCIARY	TOTALS (MEMO) ONLY
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECT	FUND TYPE EXPENDABLE TRUST	
<b>REVENUES:-</b>						
Intergovernmental	\$ 3,506,369	\$ 234,267	\$ 0	\$ 525,046	\$ 0	\$ 4,265,682
Interest	120,023	0	0	0	0	120,023
Tuition and fees	7,155	0	0	0	0	7,155
Rent	480	0	0	0	0	480
Extracurricular activities	0	119,189	0	0	0	119,189
Gifts and donations	2,800	0	0	0	200	3,000
Income tax	123,086	0	0	0	0	123,086
Property & other local taxes	1,515,271	0	0	124,241	0	1,639,512
Miscellaneous	30,368	0	0	0	0	30,368
Total revenue	<u>5,305,552</u>	<u>353,456</u>	<u>0</u>	<u>649,287</u>	<u>200</u>	<u>6,308,495</u>
<b>EXPENDITURES:-</b>						
Current:-						
Instruction:-						
Regular	2,535,486	0	0	0	546	2,536,032
Special	323,689	105,974	0	0	0	429,663
Vocational	77,402	0	0	0	0	77,402
Supporting services:-						
Pupils	157,218	25,377	0	100,978	0	283,573
Instructional staff	269,884	6,480	0	0	0	276,364
Board of Education	176,937	0	0	0	0	176,937
Administration	603,022	1,835	0	0	0	604,857
Fiscal	182,820	0	0	3,300	0	186,120
Operation and maintenance - plant	491,862	0	0	0	0	491,862
Pupil transportation	488,137	0	0	0	0	488,137
Central	0	5,348	0	0	0	5,348
Non-instructional services	1,750	0	0	0	0	1,750
Extracurricular activities	117,907	129,748	0	0	0	247,655
Capital outlay	0	0	0	642,972	0	642,972
Debt service:-						
Debt service - principal	0	0	81,237	0	0	81,237
Debt service - interest	0	0	31,670	0	0	31,670
Total expenditures	<u>5,426,114</u>	<u>274,762</u>	<u>112,907</u>	<u>747,250</u>	<u>546</u>	<u>6,561,579</u>
Excess (deficiency) of revenues over (under) expenditures	( 120,562)	78,694	( 112,907)	( 97,963)	( 346)	( 253,084)
<b>OTHER FINANCING SOURCES (USES):-</b>						
Operating transfers in	0	0	222,392	0	0	222,392
Refund of prior year expenditures	35,316	0	0	0	0	35,316
Operating transfers out	( 222,392)	0	0	0	0	( 222,392)
Total other financing sources (uses)	<u>( 187,076)</u>	<u>0</u>	<u>222,392</u>	<u>0</u>	<u>0</u>	<u>35,316</u>
Excess of rev and other over exp and other	( 307,638)	78,694	109,485	( 97,963)	( 346)	( 217,768)
Fund balances (deficit) at beginning of year	1,190,062	79,184	( 107,148)	779,643	547	1,942,288
Fund balances at end of year	<u>\$ 882,424</u>	<u>\$ 157,878</u>	<u>\$ 2,337</u>	<u>\$ 681,680</u>	<u>\$ 201</u>	<u>\$ 1,724,520</u>

The notes to the financial statements are an integral part of this statement.

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (BUDGET BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	GENERAL FUND			SPECIAL REVENUE		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES:-</b>						
Intergovernmental	\$ 3,764,000	\$ 3,504,719	\$ ( 259,281)	\$ 5,833	\$ 234,267	\$ 228,434
Interest	75,000	113,764	38,764	0	0	0
Tuition and fees	5,000	7,577	2,577	0	0	0
Rent	500	480	( 20)	0	0	0
Extracurricular activities	0	0	0	122,500	119,181	( 3,319)
Gifts and donations	1,500	2,800	1,300	0	0	0
Income tax	0	123,086	123,086	0	0	0
Property & other local taxes	1,567,000	1,549,907	( 17,093)	0	0	0
Miscellaneous	80,000	31,432	( 48,568)	0	0	0
Total revenue	<u>5,493,000</u>	<u>5,333,765</u>	<u>( 159,235)</u>	<u>128,333</u>	<u>353,448</u>	<u>225,115</u>
<b>EXPENDITURES:-</b>						
Current:-						
Instruction:-						
Regular	2,732,363	2,578,919	153,444	0	0	0
Special	367,967	325,210	42,757	136,536	114,583	21,953
Vocational	89,510	86,989	2,521	0	0	0
Supporting services:-						
Pupils	172,136	157,714	14,422	58,545	27,952	30,593
Instructional staff	351,939	270,598	81,341	13,907	7,175	6,732
Board of Education	267,150	177,866	89,284	4,079	0	4,079
Administration	582,035	604,147	( 22,112)	6,162	1,633	4,529
Fiscal	232,485	199,418	33,067	0	0	0
Operation and maintenance - plant	489,680	519,097	( 29,417)	0	0	0
Pupil transportation	408,485	552,580	( 144,095)	0	0	0
Central	0	0	0	5,347	5,347	0
Non-instructional services	1,500	2,800	( 1,300)	0	0	0
Extracurricular activities	132,000	117,356	14,644	133,200	772,220	( 639,020)
Capital outlay	0	0	0	0	0	0
Debt service:-						
Debt service - principal	0	0	0	0	0	0
Debt service - interest	0	0	0	0	0	0
Total expenditures	<u>5,827,250</u>	<u>5,592,694</u>	<u>234,556</u>	<u>357,776</u>	<u>928,910</u>	<u>( 571,134)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>( 334,250)</u>	<u>( 258,929)</u>	<u>75,321</u>	<u>( 229,443)</u>	<u>( 575,462)</u>	<u>( 346,019)</u>
<b>OTHER FINANCING SOURCES (USES):-</b>						
Operating transfers in	0	0	0	0	0	0
Refund of prior year expenditures	0	34,136	34,136	0	0	0
Operating transfers out	0	( 222,392)	( 222,392)	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>( 188,256)</u>	<u>( 188,256)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of rev and other over exp and other	<u>( 334,250)</u>	<u>( 447,185)</u>	<u>( 112,935)</u>	<u>( 229,443)</u>	<u>( 575,462)</u>	<u>( 346,019)</u>
Fund balances at beginning of year	1,438,468	1,438,468	0	71,539	71,539	0
Prior year encumbrances	133,541	133,541	0	20,633	20,633	0
Fund balances (deficit) at end of year	<u>\$ 1,237,759</u>	<u>\$ 1,124,824</u>	<u>\$ ( 112,935)</u>	<u>\$ ( 137,271)</u>	<u>\$ ( 483,290)</u>	<u>\$ ( 346,019)</u>

The notes to the financial statements are an integral part of this statement.

RIVERDALE LOCAL SCHOOL DISTRICT  
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (BUDGET BASIS)  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	DEBT SERVICE			CAPITAL PROJECTS		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES:-</b>						
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 4,000	\$ 525,046	\$ 521,046
Interest	0	0	0	0	0	0
Tuition and fees	0	0	0	0	0	0
Rent	0	0	0	0	0	0
Extracurricular activities	0	0	0	0	0	0
Gifts and donations	0	0	0	0	0	0
Income tax	0	0	0	0	0	0
Property & other local taxes	0	0	0	123,500	119,882	( 3,618)
Miscellaneous	0	0	0	0	0	0
Total revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>127,500</u>	<u>644,928</u>	<u>517,428</u>
<b>EXPENDITURES:-</b>						
<b>Current:-</b>						
<b>Instruction:-</b>						
Regular	0	0	0	0	0	0
Special	0	0	0	0	0	0
Vocational	0	0	0	0	0	0
<b>Supporting services:-</b>						
Pupils	0	0	0	145,053	108,521	36,532
Instructional staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	0	0	0	5,000	3,300	1,700
Operation and maintenance - plant	0	0	0	0	0	0
Pupil transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Non-instructional services	0	0	0	0	0	0
Extracurricular activities	0	0	0	0	0	0
Capital outlay	0	0	0	632,000	764,561	( 132,561)
<b>Debt service:-</b>						
Debt service - principal	82,000	81,237	763	0	0	0
Debt service - interest	38,500	34,644	3,856	0	0	0
Total expenditures	<u>120,500</u>	<u>115,881</u>	<u>4,619</u>	<u>782,053</u>	<u>876,382</u>	<u>( 94,329)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>( 120,500)</u>	<u>( 115,881)</u>	<u>4,619</u>	<u>( 654,553)</u>	<u>( 231,454)</u>	<u>423,099</u>
<b>OTHER FINANCING SOURCES (USES):-</b>						
Operating transfers in	0	222,392	222,392	0	0	0
Refund of prior year expenditures	0	0	0	0	0	0
Operating transfers out	0	0	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>222,392</u>	<u>222,392</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of rev and other over exp and other	<u>( 120,500)</u>	<u>106,511</u>	<u>227,011</u>	<u>( 654,553)</u>	<u>( 231,454)</u>	<u>423,099</u>
Fund balances at beginning of year	<u>( 109,440)</u>	<u>( 109,440)</u>	<u>0</u>	<u>771,303</u>	<u>771,303</u>	<u>0</u>
Prior year encumbrances	<u>2,293</u>	<u>2,293</u>	<u>0</u>	<u>5,963</u>	<u>5,963</u>	<u>0</u>
Fund balances (deficit) at end of year	<u>\$ ( 227,647)</u>	<u>\$ ( 636)</u>	<u>\$ 227,011</u>	<u>\$ 122,713</u>	<u>\$ 545,812</u>	<u>\$ 423,099</u>

The notes to the financial statements are an integral part of this statement.

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (BUDGET BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	EXPENDABLE TRUST			TOTALS (MEMO ONLY)		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES:-</b>						
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 3,773,833	\$ 4,264,032	\$ 490,199
Interest	0	0	0	75,000	113,764	38,764
Tuition and fees	0	0	0	5,000	7,577	2,577
Rent	0	0	0	500	480	( 20)
Extracurricular activities	0	0	0	122,500	119,181	( 3,319)
Gifts and donations	450	200	( 250)	1,950	3,000	1,050
Income tax	0	0	0	0	123,086	123,086
Property & other local taxes	0	0	0	1,690,500	1,669,789	( 20,711)
Miscellaneous	0	0	0	80,000	31,432	( 48,568)
Total revenue	<u>450</u>	<u>200</u>	<u>( 250)</u>	<u>5,749,283</u>	<u>6,332,341</u>	<u>583,058</u>
<b>EXPENDITURES:-</b>						
<b>Current:-</b>						
<b>Instruction:-</b>						
Regular	547	546	1	2,732,910	2,579,465	153,445
Special	0	0	0	504,503	439,793	64,710
Vocational	0	0	0	89,510	86,989	2,521
<b>Supporting services:-</b>						
Pupils	0	0	0	375,734	294,187	81,547
Instructional staff	0	0	0	365,846	277,773	88,073
Board of Education	0	0	0	271,229	177,866	93,363
Administration	0	0	0	588,197	605,780	( 17,583)
Fiscal	0	0	0	237,485	202,718	34,767
Operation and maintenance - plant	0	0	0	489,680	519,097	( 29,417)
Pupil transportation	0	0	0	408,485	552,580	( 144,095)
Central	0	0	0	5,347	5,347	0
Non-instructional services	0	0	0	1,500	2,800	( 1,300)
Extracurricular activities	0	0	0	265,200	889,576	( 624,376)
Capital outlay + A64	0	0	0	632,000	764,561	( 132,561)
<b>Debt service:-</b>						
Debt service - principal	0	0	0	82,000	81,237	763
Debt service - interest	0	0	0	38,500	34,644	3,856
Total expenditures	<u>547</u>	<u>546</u>	<u>1</u>	<u>7,088,126</u>	<u>7,514,413</u>	<u>( 426,287)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>( 97)</u>	<u>( 346)</u>	<u>( 249)</u>	<u>( 1,338,843)</u>	<u>( 1,182,072)</u>	<u>156,771</u>
<b>OTHER FINANCING SOURCES (USES):-</b>						
Operating transfers in	0	0	0	0	222,392	222,392
Refund of prior year expenditures	0	0	0	0	34,136	34,136
Operating transfers out	0	0	0	0	( 222,392)	( 222,392)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,136</u>	<u>34,136</u>
Excess of rev and other over exp and other	<u>( 97)</u>	<u>( 346)</u>	<u>( 249)</u>	<u>( 1,338,843)</u>	<u>( 1,147,936)</u>	<u>190,907</u>
Fund balances at beginning of year	547	547	0	2,172,417	2,172,417	0
Prior year encumbrances	0	0	0	162,430	162,430	0
Fund balances (deficit) at end of year	<u>\$ 450</u>	<u>\$ 201</u>	<u>\$ ( 249)</u>	<u>\$ 996,004</u>	<u>\$ 1,186,911</u>	<u>\$ 190,907</u>

The notes to the financial statements are an integral part of this statement.

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS/FUND BALANCE**  
**PROPRIETARY FUND TYPE AND SIMILAR TRUST FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	PROPRIETARY FUND TYPE ENTERPRISE	FIDUCIARY FUND TYPE NON-EXPENDABLE TRUST	TOTALS MEMO ONLY
<b>OPERATING REVENUES:-</b>			
Sales	\$ 190,704	\$ 0	\$ 190,704
Interest	0	1,150	1,150
Other revenues	224	0	224
	<hr/>	<hr/>	<hr/>
Total operating revenues	190,928	1,150	192,078
<b>OPERATING EXPENSES:-</b>			
Salaries	86,359	0	86,359
Fringe benefits	20,330	0	20,330
Purchased services	5,836	0	5,836
Materials and supplies	177,174	0	177,174
Depreciation	4,726	0	4,726
Other	555	1,125	1,680
Capital outlay	1,419	0	1,419
	<hr/>	<hr/>	<hr/>
Total operating expenses	296,399	1,125	297,524
Operating loss	( 105,471)	25	( 105,446)
<b>NON-OPERATING REVENUES AND EXPENSES:-</b>			
Federal donated commodities	32,711	0	32,711
Federal and state subsidies	67,821	0	67,821
	<hr/>	<hr/>	<hr/>
Total non-operating revenues and expenses	100,532	0	100,532
Net income (loss)	( 4,939)	25	( 4,914)
Retained earnings/fund balance at beginning of year	<hr/> 48,079	<hr/> 21,187	<hr/> 69,266
Retained earnings/fund balances at end of year	<hr/> <u>\$ 43,140</u>	<hr/> <u>\$ 21,212</u>	<hr/> <u>\$ 64,352</u>

See Accompanying Notes to the General Purpose Financial Statements.

**RIVERDALE LOCAL SCHOOL DISTRICT  
COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	PROPRIETARY FUND TYPE  ENTERPRISE	FIDUCIARY FUND TYPE NON-EXPENDABLE TRUST	TOTALS MEMO ONLY
<b>INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS:-</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:-</b>			
Cash received from sales	\$ 190,512	\$ 0	\$ 190,512
Other cash receipts	598	0	598
Cash payments to suppliers for goods and services	( 138,895)	0	( 138,895)
Cash payments for contract services	( 5,836)	0	( 5,836)
Cash payments for employee services	( 78,960)	0	( 78,960)
Cash payments for employee benefits	( 24,887)	0	( 24,887)
Other cash payments	( 1,974)	( 1,125)	( 3,099)
Net cash used for operating activities	<u>( 59,442)</u>	<u>( 1,125)</u>	<u>( 60,567)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:-</b>			
Operating grants received	67,821	0	67,821
Net cash provided by (used for) noncapital financial activities	<u>67,821</u>	<u>0</u>	<u>67,821</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:-</b>			
Interest on investments	0	1,150	1,150
Net cash provided by (used for) investing activities	<u>0</u>	<u>1,150</u>	<u>1,150</u>
Net increase (decrease) in cash and cash equivalents	8,379	25	8,404
Cash and cash equivalents at beginning of year	<u>32,695</u>	<u>21,187</u>	<u>53,882</u>
Cash and cash equivalents at end of year	<u>\$ 41,074</u>	<u>\$ 21,212</u>	<u>\$ 62,286</u>
<b>RECONCILIATION OF OPERATION LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:-</b>			
Operating loss	\$ ( 105,471)	\$ 25	\$ ( 105,446)
<b>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:-</b>			
Depreciation	4,726	0	4,726
Donated commodities used during the year	32,711	0	32,711
Non-expendable trust fund interest	0	( 1,150)	( 1,150)
<b>(INCREASE)DECREASE IN LIABILITIES:-</b>			
Accounts receivable	182	0	182
Material and supplies inventory	1,630	0	1,630
<b>INCREASE (DECREASE) IN LIABILITIES:-</b>			
Compensated absences payable	1,465	0	1,465
Intergovernmental payable	2,498	0	2,498
Deferred revenue	101	0	101
Accounts payable	3,837	0	3,837
Accrued wages and benefits	( 1,121)	0	( 1,121)
Total adjustments	<u>46,029</u>	<u>( 1,150)</u>	<u>44,879</u>
Net cash provided by (used for) operating activities	<u>\$ ( 59,442)</u>	<u>\$ ( 1,125)</u>	<u>\$ ( 60,567)</u>

The notes to the financial statements are an integral part of this statement.

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY:-

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

The District was established in 1962 through the consolidation of existing land areas and school districts. It is staffed by 43 non-classified employees, 87 certified full-time teaching personnel and 4 administrative employees who provide services to 1,164 students and other community members. The District currently operates 3 instructional buildings, 4 miscellaneous buildings and 1 garage.

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the 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 to or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

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

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

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

A. Fund Accounting - Basis of Presentation

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial 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 recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the District's governmental fund types:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

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

Proprietary Fund Types

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the District's proprietary fund types:

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

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. Fiduciary fund types are:

Expendable Trust Funds - These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as a governmental fund.

Nonexpendable Trust Funds - These funds account for trust principal which may not be expended. Only interest earned on the principal may be used for trust operations. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

Agency Funds - These funds are custodial in nature and thus do not involve measurement of results of operations.

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary or Trust Funds.

General Long-Term Obligations Account Group - This account group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary or Trust Funds.

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

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

B. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary fund type and non-expendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for all Governmental Fund Types, Expendable Trust and Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. "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. The available period for the District is sixty days after the fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: taxpayer-assessed income taxes, tuition, grants, interest and student fees.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

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

The accrual basis of accounting is utilized for reporting purposes by the enterprise and non-expendable trust funds. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budget and Budgetary Accounting

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendments through the year with legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated, the primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget - Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Hardin County Budget Commission for rate determination.

Estimated Resources - Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resource which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis of the appropriation measure. On or about July 1, the Certificate is amended to include any encumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate issued during the fiscal year 1999.

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

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

Appropriations - Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations with functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet. Investments are stated at cost or amortized cost. Investment earnings are allocated as authorized by State statute.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase by the District are to be considered to be cash equivalents.

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

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

E. Inventory

Inventory in the proprietary fund type is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventory consists of donated food, purchased food, and school supplies held for resale and is expended when used.

F. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the enterprise funds are capitalized in the respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The District maintains a capitalization threshold of five hundred dollars. The District has no infrastructure.

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend assets lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method over the estimated useful lives of the assets.

G. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables/Payables".

H. 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. The District records a liability for accumulated unused sick leave for all employees after eight years of current service with the District.

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensation absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

I. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than two months after fiscal year-end are considered not to have used current available financial resources. Bonds, capital leases and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by enterprise funds are reported as liabilities in the appropriate enterprise fund.

J. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

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

Non-reimbursable Grants

Special Revenue Funds

Title VI-B

Professional Development Block Grant

Management Information Systems

Title I

Title VI

Textbooks/Instructional Materials

Goals 2000 Intervention

Capital Projects Funds

School Net

Technology Equity

Emergency School Repair

Reimbursable Grants

General Fund

Driver Education Reimbursement

Proprietary Funds

National School Lunch Program

Government Donated Commodities

Grants and entitlements amounted to approximately 65% of the District's operating revenue during the 1999 fiscal year.

K. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 18 for the calculation of the year end restricted asset balance and the corresponding fund balance reserves.

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, property taxes, budget stabilization, textbook purchases, capital acquisition, school bus purchases, unclaimed monies and endowments.

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. Under Ohio law, unclaimed money must be held for five years before it becomes available for appropriation. Money not yet held for the five year period is presented as reserved. The reserve for endowments signifies the legal restrictions on the use of principal.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Total Columns on General Purpose Financial Statement

Total columns on the general purpose financial statements are captioned "Memo only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund elimination's have not been made in the aggregation of this data.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE:-

A. Accountability

At June 30, 1999, the Emergency School Building Repair Fund had deficit fund balance of \$7,771, respectively, which was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

The District exceeded their unvoted debt margin by \$180,913 in fiscal year 1999, a violation of ORC Section 133.06. The debt service fund reflects a negative balance of \$(636) as of June 30, 1999, which is a violation of ORC Section 5705.10. The District Treasurer failed to set aside funds for textbooks and capital acquisitions which is a violation of ORC Sections 3315.17, 3315.82 and 5705.29.

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING:-

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statements of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual-Proprietary Fund Type and Non-Expendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when paid in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures/expenses for all funds (budget) rather than as a reservation of fund balance for governmental fund types and the expendable trust funds and as note disclosure in the proprietary fund type and non-expendable fund (GAAP basis).
4. For proprietary funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types And Expendable Trust Fund

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>EXPENDABLE TRUST</u>
Budget basis	\$ ( 447,185)	\$ ( 575,462)	\$ 106,511	\$ ( 231,454)	\$ ( 346)
Revenue accruals	( 28,213)	8	0	4,359	0
Expenditure accruals	( 54,339)	6,738	0	0	0
Other sources/uses	1,180	0	0	0	0
Encumbrances	<u>220,919</u>	<u>647,410</u>	<u>2,974</u>	<u>129,132</u>	<u>0</u>
GAAP Basis	<u>\$ ( 307,638)</u>	<u>\$ 78,694</u>	<u>\$ 109,485</u>	<u>\$ ( 97,963)</u>	<u>\$ ( 346)</u>

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 5 - DEPOSITS AND INVESTMENTS:-

State statutes require the classification of monies held by the District into three categories.

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) and (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 5 - DEPOSITS AND INVESTMENTS:- (continued)

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

Any public depository, at the time it receives a District deposit or investment in a certificate of deposit, is required to pledge to the investing authority as collateral eligible securities of aggregated market value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation or the Savings Association Fund, equals or exceeds the amount of District funds deposited.

A public depository may at its option pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current market value at least equal to 100 percent of all public monies on deposit with the depository including the amount covered by federal insurance.

The following information categorizes deposits and investments by categories of risk as defined in GASB Statement 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

At fiscal year end, the carrying amount of the District's deposits was \$1,636,663, the bank balance was \$1,686,659. Of the bank balance, \$216,169 was covered by federal depository insurance. The remaining amounts were protected by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. Collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions.

The District's investments are categorized below to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is unclassified since it is not evidenced by securities that exist in physical or book entry form. The carrying value and market value of funds on deposit with STAR Ohio at June 30, 1999, was \$651,096.

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 5 - DEPOSITS AND INVESTMENTS:- (continued)

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>CASH AND CASH EQUIVALENTS/DEPOSITS</u>	<u>INVESTMENTS</u>
GASB Statement 9	\$ 2,287,759	\$ 0
Investments:		
STAR Ohio	( 651,096)	<u>651,096</u>
GASB Statement 3	<u>\$ 1,636,663</u>	<u>\$ 651,096</u>

NOTE 6 - PROPERTY TAX:-

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes are attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of the true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstance, State statute permits alternate payment date to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999 was \$86,916 in the General Fund and \$6,737 in the Permanent Improvement Capital Projects Fund

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 6 - PROPERTY TAX:- (continued)

The District receives property taxes from Hancock, Hardin and Wyandot Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 1999 taxes were collected are:

	<u>AMOUNT</u>	<u>PERCENT</u>
Agricultural/residential		
And other real estate	\$50,411,620	79%
Other real estate	3,537,230	5%
Tangible personal property	<u>10,031,246</u>	<u>16%</u>
Total assessed value	<u>\$63,980,096</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$ 34.00	

NOTE 7 - INCOME TAX:-

The District levies a voted tax of 1.0 percent for general operations on the income of resident and of estates. The tax was effective on January 1, 1995, and will continue for three 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.

The renewal of the District's 1.0 percent income tax was defeated in the November 1997. The District's last receipt of tax was April 30, 1998. The income tax was passed again in the February 2, 1999 election. The first receipt will be on April 30, 2000.

NOTE 8 - RECEIVABLES:-

Receivables at June 30, 1999, consisted of both property and income taxes, accounts (rent, billings for user charged services and student fees), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 9 - FIXED ASSETS:-

A summary of the enterprise funds fixed assets as of June 30, 1999, follows:

Furniture, fixtures and equipment	\$ 158,015
Less, accumulated depreciation	( 131,373)
Net fixed assets	<u>\$ 26,642</u>

A summary of the changes in general fixed assets during fiscal year 1999 follows:

	<u>BALANCE AT</u> <u>6-30-97</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE AT</u> <u>6-30-99</u>
Land and improvements	\$ 325,775	\$ 0	\$ 0	\$ 325,775
Buildings and improvements	1,869,653	500,000	151,738	2,217,915
Furniture, fixtures and equipment	1,335,045	28,281	0	1,363,326
Vehicles	<u>720,617</u>	<u>0</u>	<u>0</u>	<u>720,617</u>
Totals	<u>\$ 4,251,090</u>	<u>\$ 528,281</u>	<u>\$ 151,738</u>	<u>\$ 4,627,633</u>

NOTE 10- RISK MANAGEMENT:-

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 1999 the District contracted for the following insurance coverages.

Coverages provided by Nationwide Insurance are as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and contents - replacement cost	\$500	\$16,165,200
Inland Marine Coverage	250	134,929
Automobile Liability	500	2,000,000
Uninsured Motorists	500	1,000,000
General Liability;		
Per occurrence		2,000,000
Total per year		5,000,000

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

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 10 - RISK MANAGEMENT:- (continued)

For fiscal year 1999, 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 districts is calculated as one experience and a common premium rate is applied to all districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

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 of all Plan liabilities to its employees, dependents and designated beneficiaries accrued as a result of withdrawal.

NOTE 11 - DEFINED BENEFIT PENSION PLANS:-

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (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 to is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the Riverdale Local School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of the annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by SERS's Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$122,905, \$107,628 and \$69,421 respectively; 56 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$54,216 representing the unpaid contribution for fiscal year 1999 is recorded as a liability within the respective funds and the general long-term obligations account group.

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 11 - DEFINED BENEFIT PENSION PLANS:- (continued)

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. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefits are established Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-4090.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 1999 were 9.3% of covered payroll for members and 14 percent for employers. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$304,126, \$394,283 and \$298,808 respectively; 78 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$66,364 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

NOTE 12 - POSTEMPLOYMENT BENEFITS:-

A. State Teachers Retirement System of Ohio

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium.

The Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently at 14 percent of covered payroll.

The board currently allocated employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30-, 1998, the board allocated employer contributions equal to 3.5 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2,156 million on June 30, 1999. The Health Care Reserve Fund allocation for the year ended June 30, 1999 will be 8 percent of covered payroll.

For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 12 - POSTEMPLOYMENT BENEFITS:- (continued)

B. School Employees Retirement System of Ohio

The Ohio Revised Code gives SERS the discretionary authority to provide post-retirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 1999, the allocation rate is 6.30 percent. In addition, SERS levies surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health was \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

The portion of your employer contributions that were used to fund post-employment benefits can be determined by multiplying actual employer contributions times .450, then adding the surcharge due as of June 30, 1999, as certified to your district by SERS.

NOTE 13 - EMPLOYEE BENEFITS:-

A. 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 200 days for all personnel. Upon retirement, payment is made for 30% of accrued, but unused sick leave credit to a maximum of 60 days for all classified employees and 60 days for certified employees.

B. Insurance Benefits

The District provides life, accidental death and dismemberment, medical/surgical, dental and vision insurance to most employees through School Employees' Health and Welfare Benefits Plan and Trust. Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 14 - LONG-TERM OBLIGATIONS:-

The changes in the District's long-term obligations during fiscal year 1999 were as follows:

	Balance At <u>July 1, 1998</u>	Additions	Deductions	Balance At <u>June 30, 1999</u>
FY 1994 Energy Conservation	\$ 44,126	\$ 0	\$ 11,325	\$ 32,801
1993 Judgment Bonds	284,803	0	40,000	244,803
1996 School Bus Bonds	168,000	0	30,000	138,000
Total debt	496,929	0	81,325	415,604
Compensated Absences	293,287	2,370	0	295,657
Intergovernmental Payable	47,560	15,040	0	62,600
Total General Long-Term Obligations	<u>\$ 837,776</u>	<u>\$ 17,410</u>	<u>\$ 81,325</u>	<u>\$ 773,861</u>

*Energy Conservation Notes* - On January 18, 1994, the District issued \$87,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2002. The notes will be retired from the debt service fund.

*Judgment Bonds* - On October 7, 1992, the District issued \$449,803 in unvoted general obligation bonds for the purpose of paying a judgment rendered against the District. The bonds were issued for a ten year period with final maturity at December 1, 2003. The bonds will be retired from the debt service fund.

*School Bus General Obligation Bonds* - On May 1, 1996, the District issued \$226,080 in unvoted general obligation bonds for the purpose of purchasing school buses. The bonds were issued for an eight year period with final maturity at April 1, 2003. The bonds will be retired from the debt service fund.

The District's voted legal debt margin was \$5,622,209 with an unvoted debt margin of \$(180,913) at June 30, 1999.

Principal and interest requirements to retire general obligation debt including notes outstanding at June 30, 1999, are as follows:

Fiscal Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 84,088	\$ 26,399	\$ 110,487
2001	91,849	21,110	112,959
2002	92,864	15,362	108,226
2003	92,000	9,758	101,758
2004	54,803	3,836	58,639
Total	<u>\$ 415,604</u>	<u>\$ 76,465</u>	<u>\$ 492,069</u>

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS:-

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 1999.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$ 165,364	\$ 25,564	\$ 190,928
Depreciation Expense	4,726	0	4,726
Operating Income (loss)	( 110,847)	5,376	( 105,471)
Donated Commodities	32,711	0	32,711
Grants	67,821	0	67,821
Net Income (loss)	( 10,315)	5,376	( 4,939)
Net Working Capital	8,858	7,910	16,498
Total Assets	69,594	7,910	77,504
Total Liabilities	34,364	0	34,364
Total Equity	35,230	7,910	43,140

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS:-

*Western Ohio Computer Organization (WOCO)* - The District is a participant in WOCO which is a computer consortium. WOCO is an association of public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan and Shelby 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 districts. The governing board of WOCO consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus a representative from the fiscal agent school district. Financial information can be obtained from Larry Wilberding, who services as director, at 129 East Court Street, Sidney, Ohio 45365.

*Millstream Career Cooperative Joint Vocational School District* - The District is a member of the Millstream Career Cooperative Joint Vocational School District which is an educational organization which provides vocational and technical education for member districts. The Vocational School is governed by a board of education that consists of a representative from each participating school district and its degree of control is limited to its representation on that Board. To obtain financial information write to the Millstream Career Cooperative Joint Vocational School District, Randy Richardson, Treasurer, at 620 Lynn Street, Findlay, Ohio 45840.

*Ohio School Boards Association Workers' Compensation Group Rating Plan* - The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the 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.

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 17 - INSURANCE POOLS:-

*Ohio School Boards Association Workers' Compensation Group Rating Plan* - The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member board of directors consisting of the President, the President-Elect and the Immediate Past President of the 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.

*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 administration 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.

NOTE 18 - SET-ASIDE CALCULATIONS AND FUND RESERVES:-

The School district is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the 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. The School District is also required to set aside money for budget stabilization.

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

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 18 - SET-ASIDE CALCULATIONS AND FUND RESERVES:- (continued)

	<u>TEXTBOOKS</u>	<u>ACQUISITION</u>	<u>STABILIZATION</u>	<u>TOTALS</u>
Set-aside cash balances as of June 30, 1998	\$ 0	\$ 0	\$ 34,136	
Current year set-aside requirement	0	0	0	
Current year offsets	0	0	0	
Qualifying disbursements	0	0	0	
Total	<u>0</u>	<u>0</u>	<u>34,136</u>	
Cash balance carried forward to FY2000	\$ 0	\$ 0	\$ 34,136	
Amount restricted for budget stabilization				34,136
Total restricted assets				<u>\$ 34,136</u>

The District Treasurer did not set aside funds for textbooks and capital acquisitions.

NOTE 19 - RELATED ORGANIZATION:-

*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 Riverdale School 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 20 - CONTINGENCIES:-

B. 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 effect on the overall financial position of the District at June 30, 1999.

B. Litigation

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

RIVERDALE LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 21 - STATE SCHOOL FUNDING DECISION:-

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$3,053,705 of school foundation support for its general fund.

Since the Supreme Court Ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the Constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The decision made by the Court of Common Pleas is likely to be appealed.

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operation.



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

Board of Education  
Riverdale Local School District  
20613 State Route 37  
Mt. Blanchard, OH 45867

We have audited the general-purpose financial statements of Riverdale Local School District as of and for the year ended June 30, 1999, and have issued our report thereon dated April 26, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Riverdale Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*.

1. Section 5705.412, Revised Code, requires the treasurer, superintendent and president of the board of education to certify that adequate revenues will be available to maintain all personnel, programs and services essential to the provision of an adequate educational program for a specified number of days. Section 5705.412 certificates should be executed for:
  - appropriation measures
  - negotiated agreements
  - contracts for benefits
  - increased salary or wage schedules and
  - significant construction and other contracts

Per review of the District records, Section 5705.412 certificates were not executed during the fiscal year.

2. Section 3315.17 and .171; 3315.18 and .181 and 5705.29, Revised Code, requires the following three reserves:

- textbooks and instructional material
- capital and maintenance; and
- budget

All three reserves are to be accounted for in the district's general fund using any reasonable accounting method.

The District did not set aside funds for textbooks and instructional materials and capital and maintenance.

We also noted certain immaterial instances of noncompliance that we have reported to management of Riverdale Local School District in a separate letter dated April 26, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Riverdale Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Riverdale Local School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

### Payroll Checking Account

The Treasurer maintains a payroll checking account which has the following weaknesses:

- \*1. A standard bank reconciliation to reconcile to the ending balance is not prepared by the Treasurer monthly.
- \*2. The account was not in balance at the end of the year.

The above weaknesses increases the possibility of payroll funds being diverted for personal use, although no such instances were noted.

We recommend that the Treasurer prepare a monthly bank reconciliation and investigate any discrepancies and make the necessary corrections to balance the account and then balance this account monthly to a zero balance.

### Cash Reconciliation

- \*1. The Treasurer did not prepare an accurate bank reconciliation at the end of the year.

These conditions may cause District moneys to be diverted for personal use, although no such instances were noted.

We recommend that the Treasurer prepare a monthly bank reconciliation that agrees to all supporting documentation and that the reconciliation and all supporting documentation be reviewed by the Board of Education. During preparation of the bank reconciliation, if discrepancies are identified, we recommend that the necessary corrections be made so that all transactions are properly recorded in the financial statements.

### Expenditures

The following internal control deficiencies were noted in the expenditure process:

- \*1. In several instances, there was no invoice or supporting documentation attached to support the payment made.
- \*2. In several instances, purchase orders were issued after the invoice was received.
3. In several instances, invoice amounts exceeded the purchase order amounts.
4. In several instances, purchase order were not approved by the purchasing agent.
5. In several instances, invoices were not paid in a timely manner. Several months passed before invoices were paid.
6. Several instances were identified of the District continuing to pay the Board portion of insurance for employees that were no longer employed by the District.

This limits the controls over expenditures and increases the possibility of errors or irregularities occurring and not being detected.

To improve controls over the expenditure process, we recommend that:

1. All payments be made only upon the strength of an original itemized invoice attached to the voucher.
2. Purchase orders are issued before invoice is received to ensure that the invoices being paid were for orders made by the District.
3. The Treasurer or Superintendent should approve the charges that are over the purchase order. The required approval will help with excess spending and keep expenditures in line with the budget.
4. Proper approval should be attained on all purchase orders to ensure all purchases have been approved for District purposes. If purchase orders are not being approved, purchases for other than District purposes could occur, although no such instances were noted.
5. Invoices need to be paid by the District in a timely manner to ensure that finance charges will not be charged if delinquent payments are made and to remain in good standing with vendors.

6. Invoices should only be properly reviewed to ensure the District is paying for only employees that are employed by the District.

### Receipts

The following internal control deficiencies were noted in the receipt process:

- \*1. Several instances were identified of receipts being posted to the incorrect account.
- \*2. Rollback and Homestead payments are not being posted per the allocation on the settlement sheets received from the County's.
- \*3. Documents or explanation could not be provided for certain receipts of the general fund.

We recommend that receipts be posted properly and reviewed to ensure that amounts stated properly in the financial statements. All receipts posted should be supported with documentation that ensures District monies is reported properly.

### \*Accounting Procedures

Due to the size of the District, the treasurer prepares the duplicate receipt and the deposit, posts the receipts on the computer, reconciles the bank accounts, and performs all expenditure functions.

The purpose of a system of internal controls is to ensure that assets belonging to the entity are received when tendered, are protected while in custody of the entity and are used only for authorized purposes. A system of internal controls is not designed primarily to detect errors, but rather to reduce the opportunity for errors or dishonesties to occur. Controls are necessary to insure that moneys are used for proper public purpose and not wasted, misused or stolen. If one person is permitted to carry out all phases to transactions from beginning to end, there is no protection against fraud or errors.

To improve this situation we recommend that the administrative assistant be utilized more in the accounting functions and that periodic reviews of the District's records, by the Board of Education, be performed with notation of such reviews and the results thereof included in the Board minutes.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our considerations of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financing reporting that we have reported to management of Riverdale Local School District in a separate letter dated April 26, 2000.

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

*Holbrook & Mante, LLP*

Certified Public Accountants

April 26, 2000  
Marion, Ohio

RIVERDALE LOCAL SCHOOL DISTRICT  
STATUS OF PRIOR AUDIT CITATIONS AND RECOMMENDATION  
JUNE 30, 1999

RECOMMENDATIONS

There were thirteen recommendations issued in the prior audit report.

Twelve of these recommendations have been repeated and are indicated by an asterisk (\*) in this report.

Officials will attempt to implement the recommendations.



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

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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.

By: Susan Babbitt

Date: JULY 25, 2000