

RIVERDALE LOCAL SCHOOL DISTRICT
MT. BLANCHARD, OHIO
FINANCIAL STATEMENTS
JUNE 30, 2002

PREPARED BY
TREASURER'S DEPARTMENT



**Auditor of State
Betty Montgomery**

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, for the audit period July 1, 2001 to June 30, 2002. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

April 15, 2003

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RIVERDALE LOCAL SCHOOL DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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FINANCIAL SECTION

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LIST OF PUBLIC OFFICIALS

Superintendent..... Joyce Plummer

Treasurer.....Joeline Ribley

Board of Education.....Joe Hochstettler, President
James Farmer, Vice President
John Livingston
James Thames
Lisa Rife



INDEPENDENT AUDITORS' 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, 2002, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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, 2002, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2003 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Holbrook & Manter

Certified Public Accountants

January 23, 2003
Marion, Ohio

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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
AS JUNE 30, 2002**

	<u>Governmental Fund Types</u>				<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
Assets:									
Equity in Pooled Cash and Cash Equivalents	\$ 2,306,561	\$ 336,293	\$ 451,633	\$ 8,290,087	\$ 20,525	\$ 60,638	\$	\$	\$ 11,465,737
Cash and cash equivalents				2,293,704					2,293,704
Investments				4,077,900					4,077,900
Receivables:									
Taxes	2,716,053	36,790	434,111	128,637					3,315,591
Accounts	61	212			812				1,085
Intergovernmental	9,728	25,663							35,391
Accrued Interest	2,838								2,838
Interfund Receivable	1,451								1,451
Income Tax	346,974								346,974
Materials and Supplies Inventory					10,957				10,957
Prepaid Items	58,438								58,438
Restricted Assets:									
Equity in Pooled Cash and Cash Equivalents	53,136								53,136
Fixed Assets					158,015		4,857,235		5,015,250
Accumulated Depreciation					(142,723)				(142,723)
Other Debits:									
Amount Available in Debt Service Fund for Retirement of Long-Term Obligations								451,633	451,633
Amount to be Provided From General Government Resources								6,028,495	6,028,495
Total Assets and Other Debits	<u>\$ 5,495,240</u>	<u>\$ 398,958</u>	<u>\$ 885,744</u>	<u>\$ 14,790,328</u>	<u>\$ 47,586</u>	<u>\$ 60,638</u>	<u>\$ 4,857,235</u>	<u>\$ 6,480,128</u>	<u>\$ 33,015,857</u>

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

**RIVERDALE LOCAL SCHOOL DISTRICT
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS JUNE 30, 2002**

	<u>Governmental Fund Types</u>				<u>Proprietary</u>	<u>Fiduciary</u>	<u>Account Groups</u>		<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u>	<u>Debt</u>	<u>Capital</u>	<u>Enterprise</u>	<u>Trust and</u> <u>Agency</u>	<u>General</u>	<u>General</u>	
		<u>Revenue</u>	<u>Service</u>	<u>Projects</u>			<u>Fixed</u>	<u>Long-Term</u>	
						<u>Assets</u>	<u>Obligations</u>		
Liabilities:									
Accounts Payable	\$ 2,647	\$ 7,015	\$	\$	\$	\$	\$	\$ 9,662	
Contracts Payable				1,583,949				1,583,949	
Accrued Wages and Benefits	650,098	2,723			21,116			673,937	
Compensated Absences Payable	35,967				2,558		403,210	441,735	
Interfund Payable						1,451		1,451	
Intergovernmental Payable	99,824	3,112			8,390		52,117	163,443	
Deferred Revenue	2,484,782	58,170	383,422	113,980	7,890			3,048,244	
Due to Students						38,125		38,125	
Judgments Payable							109,803	109,803	
General Obligation Bonds Payable							5,914,998	5,914,998	
Total Liabilities	<u>3,273,318</u>	<u>71,020</u>	<u>383,422</u>	<u>1,697,929</u>	<u>39,954</u>	<u>39,576</u>		<u>6,480,128</u>	<u>11,985,347</u>
Fund Equity and Other Credits:									
Investment in General Fixed Assets							4,857,235	4,857,235	
Retained Earnings:									
Unreserved					7,632			7,632	
Fund Balances:									
Reserved:									
Reserved for Encumbrances	91,622	16,379		6,603,579				6,711,580	
Reserved for Prepaid Items	58,438							58,438	
Reserved for Debt Service Principal			451,633					451,633	
Reserved for Advances	1,451							1,451	
Reserved for Contributions						20,000		20,000	
Reserved for Property Taxes	231,271	4,283	50,689	14,657				300,900	
Reserved for Textbooks & Instructional Materials	53,136							53,136	
Unreserved:									
Designated for Budget Stabilization	34,136							34,136	
Unreserved, Undesignated	1,751,868	307,276		6,474,163		1,062		8,534,369	
Total Fund Equity and Other Credits	<u>2,221,922</u>	<u>327,938</u>	<u>502,322</u>	<u>13,092,399</u>	<u>7,632</u>	<u>21,062</u>	<u>4,857,235</u>	<u>21,030,510</u>	
Total Liabilities, Fund Equity and Other Credits	<u>\$ 5,495,240</u>	<u>\$ 398,958</u>	<u>\$ 885,744</u>	<u>\$ 14,790,328</u>	<u>\$ 47,586</u>	<u>\$ 60,638</u>	<u>\$ 4,857,235</u>	<u>\$ 6,480,128</u>	<u>\$ 33,015,857</u>

The notes to the general-purpose 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 AND SIMILAR FIDUCIARY TRUST FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Governmental Fund Types</u>		<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Revenues:						
Intergovernmental	\$ 4,347,216	\$ 200,790	\$ 40,617	\$ 8,291,910	\$	\$ 12,880,533
Earnings on investments	129,914			368,040		497,954
Tuition and Fees	1,687					1,687
Rent	30					30
Extracurricular Activities		108,061				108,061
Gifts and Donations	1,000				34	1,034
Income Tax	717,267					717,267
Property & Other Local Taxes	1,911,371	37,907	442,507	133,409		2,525,194
Miscellaneous	20,280					20,280
Total Revenues	<u>7,128,765</u>	<u>346,758</u>	<u>483,124</u>	<u>8,793,359</u>	<u>34</u>	<u>16,752,040</u>
Expenditures:						
Instruction:						
Regular	3,088,606	110,485				3,199,091
Special	369,911	127,418				497,329
Vocational	95,099					95,099
Support services:						
Pupils	199,529	23,911		68,317		291,757
Instructional Staff	353,255	(48,058)				305,197
Board of Education	192,510	1,498				194,008
Administration	896,954	12,650				909,604
Fiscal	181,785	927		3,299		186,011
Business	28,448					28,448
Operation and Maintenance of Plant	494,757			19,950		514,707
Pupil Transportation	469,003	178				469,181
Non-Instructional Services	667					667
Extracurricular activities	148,192	100,432				248,624
Capital Outlay				2,352,152		2,352,152
Debt Service						
Debt Service - Principal			167,862			167,862
Debt Service - Interest			158,440	207,596		366,036
Total Expenditures	<u>6,518,716</u>	<u>329,441</u>	<u>326,302</u>	<u>2,651,314</u>	<u>34</u>	<u>9,825,773</u>
Excess of Revenues Over (Under) Expenditures	<u>610,049</u>	<u>17,317</u>	<u>156,822</u>	<u>6,142,045</u>	<u>34</u>	<u>6,926,267</u>
Other Financing Sources and Uses						
Operating Transfers In			108,224			108,224
Proceeds from Sale of Bonds			733			733
Proceeds from Sale of Fixed Assets	625					625
Refund of Prior Year Expenditures	1,969					1,969
Other Financing Sources	6,905					6,905
Operating Transfers Out	(108,224)					(108,224)
Total Other Financing Sources (Uses)	<u>(98,725)</u>		<u>108,957</u>			<u>10,232</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	511,324	17,317	265,779	6,142,045	34	6,936,499
Fund Balance at Beginning of Year	1,710,598	310,621	236,543	6,950,354	291	9,208,407
Fund Balance at End of Year	<u>\$ 2,221,922</u>	<u>\$ 327,938</u>	<u>\$ 502,322</u>	<u>\$ 13,092,399</u>	<u>\$ 325</u>	<u>\$ 16,144,906</u>

The notes to the general-purpose 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 (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Governmental Fund Types					
	General			Special Revenue		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$ 4,407,463	\$ 4,337,488	\$ (69,975)	\$ 268,460	\$ 264,970	\$ (3,490)
Interest	120,000	127,076	7,076			
Tuition and Fees	6,044	7,731	1,687			
Rent		30	30			
Extracurricular Activities				78,750	107,849	29,099
Gifts and Donations	1,000	1,000				
Income Tax	873,940	890,059	16,119			
Property & Other Local Taxes	1,717,289	1,783,701	66,412	39,402	35,329	(4,073)
Miscellaneous	34,000	20,464	(13,536)			
Total Revenues	7,159,736	7,167,549	7,813	386,612	408,148	21,536
Expenditures:						
Current:						
Instruction:						
Regular	3,101,366	3,011,005	90,361	165,439	113,578	51,861
Special	370,534	349,498	21,036	202,530	145,469	57,061
Vocational	108,853	97,455	11,398			
Adult/Continuing	271		271			
Support services:						
Pupils	224,100	197,710	26,390	60,477	34,796	25,681
Instructional Staff	362,511	342,893	19,618	21,351	17,897	3,454
Board of Education	247,076	202,807	44,269	1,498	1,498	
Administration	949,001	889,994	59,007	20,861	12,625	8,236
Fiscal	204,389	187,754	16,635	1,000	927	73
Business	45,717	29,510	16,207			
Operation and Maintenance of Plant	614,822	537,535	77,287			
Pupil Transportation	566,256	482,617	83,639	327	177	150
Central				510		510
Non-Instructional Services	2,500	1,000	1,500			
Extracurricular activities	161,915	146,189	15,726	114,957	106,074	8,883
Capital Outlay	34,136	34,136				
Debt Service						
Debt Service - Principal						
Debt Service - Interest						
Total Expenditures	6,993,447	6,510,103	483,344	588,950	433,041	155,909
Excess of Revenues Over (Under) Expenditures	166,289	657,446	491,157	(202,338)	(24,893)	177,445
Other Financing Sources and Uses						
Operating Transfers In						
Proceeds from Sale of Bonds						
Proceeds from Sale of Fixed Assets	300	625	325			
Refund of Prior Year Expenditures		1,969	1,969			
Other Financing Sources	6,905	6,905				
Operating Transfers Out	(130,000)	(108,224)	21,776			
Total Other Financing Sources (Uses)	(122,795)	(98,725)	24,070			
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	43,494	558,721	515,227	(202,338)	(24,893)	177,445
Fund Balances at Beginning of Year	1,652,253	1,652,253		318,212	318,212	
Prior Year Encumbrances Appropriated	58,287	58,287		23,155	23,155	
Fund Balance at end of Year	\$ 1,754,034	\$ 2,269,261	\$ 515,227	\$ 139,029	\$ 316,474	\$ 177,445

The notes to the general-purpose 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 (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Governmental Fund Types					
	Debt Service			Capital Projects		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$ 50,000	\$ 40,617	\$ (9,383)	\$ 3,406,135	\$ 8,291,910	\$ 4,885,775
Interest				22,835	412,641	389,806
Tuition and Fees						
Rent						
Extracurricular Activities						
Gifts and Donations						
Income Tax						
Property & Other Local Taxes	449,190	410,366	(38,824)	137,729	124,078	(13,651)
Miscellaneous						
Total Revenues	499,190	450,983	(48,207)	3,566,699	8,828,629	5,261,930
Expenditures:						
Current:						
Instruction:						
Regular						
Special						
Vocational						
Adult/Continuing						
Support services:						
Pupils				126,971	78,779	48,192
Instructional Staff						
Board of Education						
Administration						
Fiscal				3,299	3,299	
Business						
Operation and Maintenance of Plant				19,950	19,950	
Pupil Transportation						
Central						
Non-Instructional Services						
Extracurricular activities						
Capital Outlay				9,697,430	9,144,776	552,654
Debt Service						
Debt Service - Principal	167,862	167,862		6,160,596	6,160,596	
Debt Service - Interest	158,601	158,440	161			
Total Expenditures	326,463	326,302	161	16,008,246	15,407,400	600,846
Excess of Revenues Over (Under) Expenditures	172,727	124,681	(48,046)	(12,441,547)	(6,578,771)	5,862,776
Other Financing Sources and Uses						
Operating Transfers In	108,224	108,224				
Proceeds from Sale of Bonds		733	733			
Proceeds from Sale of Fixed Assets						
Refund of Prior Year Expenditures						
Other Financing Sources						
Operating Transfers Out						
Total Other Financing Sources (Uses)	108,224	108,957	733			
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	280,951	233,638	(47,313)	(12,441,547)	(6,578,771)	5,862,776
Fund Balances at Beginning of Year	217,995	217,995		13,050,728	13,050,728	
Prior Year Encumbrances Appropriated				37,851	37,851	
Fund Balance at end of Year	\$ 498,946	\$ 451,633	\$ (47,313)	\$ 647,032	\$ 6,509,808	\$ 5,862,776

The notes to the general-purpose 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 (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2002

	Fiduciary Trust Fund			Totals (Memorandum Only)		
	Expendable Trust		Variance: Favorable (Unfavorable)			Variance: Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
Revenues:						
Intergovernmental	\$	\$	\$	\$ 8,132,058	\$ 12,934,985	\$ 4,802,927
Interest				142,835	539,717	396,882
Tuition and Fees				6,044	7,731	1,687
Rent					30	30
Extracurricular Activities				78,750	107,849	29,099
Gifts and Donations		34	34	1,000	1,034	34
Income Tax				873,940	890,059	16,119
Property & Other Local Taxes				2,343,610	2,353,474	9,864
Miscellaneous				34,000	20,464	(13,536)
Total Revenues		<u>34</u>	<u>34</u>	<u>11,612,237</u>	<u>16,855,343</u>	<u>5,243,106</u>
Expenditures:						
Current:						
Instruction:						
Regular				3,266,805	3,124,583	142,222
Special				573,064	494,967	78,097
Vocational				108,853	97,455	11,398
Adult/Continuing				271		271
Support services:						
Pupils				411,548	311,285	100,263
Instructional Staff				383,862	360,790	23,072
Board of Education				248,574	204,305	44,269
Administration				969,862	902,619	67,243
Fiscal				208,688	191,980	16,708
Business				45,717	29,510	16,207
Operation and Maintenance of Plant				634,772	557,485	77,287
Pupil Transportation				566,583	482,794	83,789
Central				510		510
Non-Instructional Services				2,500	1,000	1,500
Extracurricular activities				276,872	252,263	24,609
Capital Outlay				9,731,566	9,178,912	552,654
Debt Service						
Debt Service - Principal				6,328,458	6,328,458	0
Debt Service - Interest				158,601	158,440	161
Total Expenditures				<u>23,917,106</u>	<u>22,676,846</u>	<u>1,240,260</u>
Excess of Revenues Over (Under) Expenditures		<u>34</u>	<u>34</u>	<u>(12,304,869)</u>	<u>(5,821,503)</u>	<u>6,483,366</u>
Other Financing Sources and Uses						
Operating Transfers In				108,224	108,224	
Proceeds from Sale of Bonds					733	733
Proceeds from Sale of Fixed Assets				300	625	325
Refund of Prior Year Expenditures					1,969	1,969
Other Financing Sources				6,905	6,905	
Operating Transfers Out				(130,000)	(108,224)	21,776
Total Other Financing Sources (Uses)				<u>(14,571)</u>	<u>10,232</u>	<u>24,803</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses		34	34	(12,319,440)	(5,811,271)	6,508,169
Fund Balances at Beginning of Year	291	291		15,239,479	15,239,479	
Prior Year Encumbrances Appropriated				119,293	119,293	
Fund Balance at end of Year	<u>\$ 291</u>	<u>\$ 325</u>	<u>\$ 34</u>	<u>\$ 3,039,332</u>	<u>\$ 9,547,501</u>	<u>\$ 6,508,169</u>

The notes to the general-purpose 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
 ALL PROPRIETARY AND SIMILAR FIDUCIARY TRUST FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:			
Tuition	\$ 518	\$	\$ 518
Sales	235,480		235,480
Interest		738	738
Total Operating Revenues	<u>235,998</u>	<u>738</u>	<u>236,736</u>
Operating Expenses			
Salaries	93,756		93,756
Fringe Benefits	56,851		56,851
Purchased Services	1,177		1,177
Materials and Supplies	190,958		190,958
Depreciation	1,898		1,898
Other	989	508	1,497
Total Operating Expenses	<u>345,629</u>	<u>508</u>	<u>346,137</u>
Operating Income (Loss)	(109,631)	230	(109,401)
Non-Operating Revenues and Expenses			
Federal Donated Commodities	38,379		38,379
Interest	116		116
Federal and State Subsidies	78,153		78,153
Total Non-Operating Revenues and Expenses	<u>116,648</u>		<u>116,648</u>
Net Income (Loss)	7,017	230	7,247
Retained Earnings/Fund Balances at Beginning of Year	615	20,507	21,122
Retained Earnings/Fund Balances at End of Year	<u>\$ 7,632</u>	<u>\$ 20,737</u>	<u>\$ 28,369</u>

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

**RIVERDALE LOCAL SCHOOL DISTRICT
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY AND SIMILAR FIDUCIARY TRUST FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002**

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Sales	\$ 235,186	\$	\$ 235,186
Cash Payments to Suppliers for Goods and Service	(152,269)		(152,269)
Cash Payments for Contract Services	(1,177)		(1,177)
Cash Payments for Employee Services	(92,439)		(92,439)
Cash Payments for Employee Benefits	(51,918)		(51,918)
Other Cash Payments	(989)	(508)	(1,497)
Net Cash Provided (Used) by Operating Activities	(63,606)	(508)	(64,114)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	78,153		78,153
Net Cash Provided (Used) by Noncapital Financing Activities	78,153		78,153
Cash Flows from Investing Activities:			
Interest Received	116	738	854
Net Cash Provided (Used) by Investing Activities	116	738	854
Net Increase (Decrease) in Cash and Cash Equivalents	14,663	230	14,893
Cash and Cash Equivalents at Beginning of Year	5,862	20,507	26,369
Cash and Cash Equivalents at End of Year	\$ 20,525	\$ 20,737	\$ 41,262
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (109,631)	\$ 230	\$ (109,401)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:			
Depreciation	1,898		1,898
Donated Commodities Used During the Year	38,379		38,379
Nonexpendable Trust Interest		(738)	(738)
(Increase) Decrease in Assets:			
Accounts Receivable	(812)		(812)
Material and Supplies Inventory	(2,781)		(2,781)
Increase (Decrease) in Liabilities:			
Compensated Absences Payable	241		241
Intergovernmental Payable	83		83
Deferred Revenue	3,091		3,091
Accrued Wages and Benefits	5,926		5,926
Total Adjustments	46,025	(738)	45,287
Net Cash Provided (Used) by Operating Activities	\$ (63,606)	\$ (508)	\$ (64,114)
Reconciliation of Nonexpendable Trust Fund Cash Balance as of June 30, 2002:			
Cash and Cash Equivalents — Trust and Agency Funds			\$ 60,638
Less: Expendable Trust Funds			(325)
Less: Agency Funds			(39,576)
Cash and Cash Equivalents — Nonexpendable Trust Funds			\$ 20,737

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

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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

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

The School District was established in 1962 through the consolidation of existing land areas and school districts. It is staffed by 50 classified employees, 87 certificated full-time teaching personnel and 4 administrative employees who provide services to 1,084 students and other community members. The School 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 of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Riverdale Local School District, this includes general operations, food service, and student related activities of the School District.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

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

A. Fund Accounting – Basis of Presentation

The School 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 School District functions or activities.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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

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 is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School 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 School District are financed. The acquisition, use, and balances of the School 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 School District's governmental fund types:

General Fund - The General Fund is the operating fund of the School 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 School 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 expendable trusts or major capital projects) that are legally restricted to expenditure for specified 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 obligation principal, interest, and related costs.

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

Proprietary Fund Types

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

Enterprise Funds - Enterprise funds are used to account for School 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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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

Fiduciary Fund Types

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

Expendable Trust Fund – 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 Fund – 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 result 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 a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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 financing 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 all 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 and nonexpendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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

The modified accrual basis of accounting is followed for governmental funds and the expendable trust fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is 60 days after the June 30 year-end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Current property taxes measurable as of June 30, 2002, and which are intended to finance fiscal 2003 operations, have been recorded as deferred revenues.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognitions in the current period. Deferred revenues also arise when resources 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 prior to the recognition criteria re met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases) in net financial resources) are recognized in the period in which the fund liability is incurred with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported in the operating statements as an expense and a like amount is reported as donated commodities revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

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 appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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

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 County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School 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 for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered 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 School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 2002.

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 expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of 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 within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do 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 other than agency 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. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School 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 School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the 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 they are purchased by the School District are considered to be cash equivalents.

E. Inventory

Inventory in the proprietary fund 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 expensed 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 proprietary funds are capitalized in the fund. All purchased fixed assets are valued at cost where historical are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. 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 furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years.

G. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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

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 School District will compensate the employees for the benefits through paid time off or some other means. The School District, records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the 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.

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. 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 funds.

J. Intergovernmental Revenues

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

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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

Entitlements

General Fund

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

Non-Reimbursable Grants

Special Revenue Funds

- Professional Development Block Grant
- Financial Literacy Grant
- Before and After School Program
- Management Information Systems
- Disadvantaged Pupil Impact Aid
- OneNet Program
- SchoolNet Administrative Professional Development Grant
- Textbooks/Instructional Materials Subsidy
- Ohio Reads
- Summer School Subsidy
- Safe Schools Help Line
- Eisenhower Fund
- Title I
- Title VI
- Title IV – Drug Free
- CIIP Grant
- Title VI-R - Reducing Class Size

Capital Projects Funds

- School Net Professional Development Grant
- Technology Equity
- Emergency School Building Repair

Reimbursable Grants

General Fund

- Driver Education

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 75 percent of the School District's operating revenue during the 2002 fiscal year.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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

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 School District for the purchase of textbooks or for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

L. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, budget stabilization, textbook purchases, school bus purchases, and endowments.

The reserve for property taxes represents taxes recognized as revenue under accounting principles generally accepted in the United States of America 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. 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 Statements

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 accounting principles generally accepted in the United States of America. Neither are such data comparable to a consolidation. Interfund elimination’s have not been made in the aggregation of this data.

NOTE 3 – ACCOUNTABILITY:-

At June 30, 2002, the Lunchroom fund had a deficit fund balance of \$4,864, which was created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING:-

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (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 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual-All Governmental Fund Types and Expendable Trust 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 basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
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. 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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Budget Basis	\$ 558,721	\$ (24,893)	\$ 233,638	\$ (6,578,771)	\$ 34
Revenue Accruals	(38,784)	(61,390)	32,141	(35,270)	
Expenditure Accruals	(101,000)	83,783		4,568,558	
Other Sources/Uses					
Encumbrances	92,387	19,817		8,187,528	
GAAP Basis	<u>\$ 511,324</u>	<u>\$ 17,317</u>	<u>\$ 265,779</u>	<u>\$ 6,142,045</u>	<u>\$ 34</u>

NOTE 5 - DEPOSITS AND INVESTMENTS:-

State statutes require the classification monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 5 - DEPOSITS AND INVESTMENTS:-(continued)

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 deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim monies are those monies, 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 School 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 must be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of any securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 5 - DEPOSITS AND INVESTMENTS:- (continued)

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

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 aggregate 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 110 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 School District's deposits was \$73,689 and the bank balance was \$114,616. Of the bank balance, \$101,391 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 third party trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions.

The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's or trust department or agent in the School 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 School District's name. The School District's investments 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, 2002 was \$747,824. The carrying value and fair value of U.S. Government securities held by Fifth Third Securities and classified as Category 2 was \$4,077,900.

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:

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 5 - DEPOSITS AND INVESTMENTS:- (continued)

	Pooled Cash and Cash Equivalents/Deposits		Investments
Combined Balance Sheet	\$ 13,812,577	\$	4,077,900
Reclassifications:-			
Star Ohio-Investment in State Treasurers Pool	(747,824)		747,824
Fifth Third Bank;- Repurchase agreement	(2,293,705)		2,293,705
Sky Bank;- Government Sweep Tiered	(8,588,157)		8,588,157
Public Funds	(2,109,202)		2,109,202
GASB Statement #3	\$ 73,689	\$	17,816,788

NOTE 6 - PROPERTY TAXES:-

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 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 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 with the remainder payable by June 20. Under certain circumstance, State statute permits alternated 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, 2002. 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 fiscal 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, 2002, was \$231,271 in the General Fund, \$4,283 in the Classroom Facilities Special Revenue Fund, \$50,689 in the Bond Retirement Debt Service Fund and \$14,657 in the Permanent Improvement Capital Projects Fund.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 6 - PROPERTY TAXES:- (continued)

The School 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, 2002 are available to finance fiscal year 2002 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 2002 taxes were collected are:

	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 72,335,470	88%
Public Utilities	4,240,530	5%
Tangible Personal Property	5,263,095	7%
Total Assessed Value	\$ 81,839,095	100%
Tax rate per \$1,000 of Assessed valuation	\$40.20	

NOTE 7 - INCOME TAX:-

The School District levies a voted tax of 1.0 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2000, 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 School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

NOTE 8 - RECEIVABLES:-

Receivables at June 30, 2002, consisted of 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.

NOTE 9 - FIXED ASSETS:-

A summary of the enterprise funds' fixed assets at June 30, 2002, follows:

Furniture and Equipment	\$ 158,015
Less: Accumulated Depreciation	(142,723)
Net Fixed Assets	\$ 15,292

A summary of the changes in general fixed assets during fiscal year 2002 follows:

Asset Category	Balance at 6/30/01	Additions	Deletions	Balance at 6/30/02
Land and Improvements	\$ 325,775			\$ 325,775
Buildings and Improvements	2,217,915	\$ 17,983		2,235,898
Furniture and Equipment	1,363,326	156,769		1,520,095
Vehicles	720,617	54,850		775,467
Totals	\$ 4,627,633	\$ 229,602		\$ 4,857,235

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 10 - RISK MANAGEMENT:-

The School 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 2002, the School 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.

For fiscal year 2002, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. 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.

The School 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 School 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 for the Plan, a participant is responsible for the payment for all Plan liabilities to its employees, dependents and designated beneficiaries accrued as a result of withdrawal.

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

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

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

adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statement and required supplementary information. The report may be obtained by writing to SERS, 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; 5.46% was the portion used to fund pension obligations. 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 School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$131,714, \$118,926, and \$112,665, respectively; 46 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$60,314 representing the unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The Riverdale Local School 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 by Chapter 3307, of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2002 were 9.3 percent of covered payroll for members and 14 percent for employers; 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$496,875, \$445,311, and \$379,619, respectively; 84 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$81,372 representing the unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds.

C. Social Security Systems

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. The District's liability is 6.2% of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS:-

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 Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 12 - POSTEMPLOYMENT BENEFITS:- (continued)

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 monthly premiums.

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 Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For the fiscal year ended June 30, 2001, the board allocated employer contributions equal to 4.5 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.256 billion on June 30, 2001.

For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000. There were 102,132 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service 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 the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2001, the allocation rate is 9.80 percent. In addition, SERS levies a 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 2001, the minimum pay has been established as \$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, 2001 were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, the Retirement System's net assets available for payment of health care benefits were \$315.7 million. The number of participants currently receiving health care benefits is approximately 50,000.

The portion of your employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .70, then adding the surcharge due as of June 30, 2001, 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.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 13 - EMPLOYEE BENEFITS:- (continued)

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 percent of accrued, but unused sick leave credit to a maximum of 60 days for classified employees and 60 days for certified employees.

B. Life Insurance

The School District provides life insurance and 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.

NOTE 14 – BOND ANTICIPATION NOTE:-

The School District issued a Bond Anticipation Note in the Amount of \$5,953,000 on September 20, 2000. The note was issued for a one year period with final maturity at September 20, 2001 with an interest rate of 3.99%. The note was retired from the capital project fund.

NOTE 15 - LONG-TERM OBLIGATIONS:-

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

	Balance at July 1, 2001	Additions	Deductions	Balance at June 30, 2002
Series 2002 Building Bonds	\$ 5,952,998		\$ 75,000	\$ 5,877,998
FY 1994 Energy Conservation Notes	7,862		7,862	0
1993 Judgment Bonds	159,803		50,000	109,803
1996 School Bus Bonds	72,000		35,000	37,000
Total Debt	6,192,663		167,862	6,024,801
Compensated Absences	371,813	\$ 31,397		403,210
Intergovernmental payable	48,091	4,026		52,117
Total General Long-Term Obligations	\$ 6,612,567	\$ 35,423	\$ 167,862	\$ 6,480,128

General Obligation Bonds - On June 1, 2001, Riverdale Local School District issued \$5,952,998 in voted general obligation bonds for school improvements. The bonds were issued for a twenty-three year period with final maturity at December 1, 2023 with an interest rate of 4.9525 percent. The bonds will be retired from the debt service fund.

Energy Conservation Notes - On January 18, 1994, Riverdale Local School 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, with an interest rate of 7.75 percent. The notes will be retired from the debt service fund.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 15 - LONG-TERM OBLIGATIONS:- (continued)

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, with an interest rate of 7.00 percent. 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, with an interest rate of 5.439 percent. The bonds will be retired from the debt service fund.

The School District's voted legal debt margin was \$1,340,718 with an unvoted debt margin of \$81,839 at June 30, 2002.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2002, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2003	\$ 282,000	\$ 269,424	\$ 551,424
2004	249,803	257,100	506,903
2005	200,000	246,449	446,449
2006	215,000	239,025	454,025
2007	225,000	230,770	455,770
2008 – 2012	1,225,000	1,008,901	2,233,901
2013 – 2017	1,057,998	1,170,202	2,228,200
2018 – 2022	1,760,000	442,315	2,202,315
2023 – 2024	810,000	42,120	852,120
Total	\$ 6,024,801	\$ 3,906,306	\$ 9,931,107

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS:-

The School 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 School District as of and for the fiscal year ended June 30, 2002.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$ 200,223	\$ 35,775	\$ 235,998
Depreciation Expense	1,898		1,898
Operating Income (Loss)	(121,433)	11,802	(109,631)
Donated Commodities	38,379		38,379
Interest	116		116
Grants	78,153		78,153
Net Income (Loss)	(4,785)	11,802	7,017
Net Working Capital	(20,156)	12,496	(7,660)
Total Assets	35,090	12,496	47,586
Total Liabilities	39,954		39,954
Total Equity	(4,864)	12,496	7,632

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS:-

Western Ohio Computer Organization - The School District is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of various public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, Shelby, and Miami Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The WOCO is governed by a board of directors consisting of the superintendents of the member school districts and the degree of control is limited to the representation on the board. Financial information can be obtained from Sharon Waldsmith, who serves as the Fiscal Agent, at 129 East Court Street, 4th Floor, Sidney, Ohio 45365.

Millstream Cooperative Vocational Career Center – The Millstream Cooperative Vocational Career Center (Career Center) is a distinct political subdivision of the State of Ohio established under Section 3313.90 of the Ohio Revised Code. The Career Center provides vocational instruction to students. The Career Center operates under the direction of an Advisory Council consisting of the superintendent of each participating school district and one additional representative appointed by the Findlay City School District. The Treasurers from the Hancock and Putnam County Educational Service Centers serve in an ex-officio capacity for all meetings. Financial information can be obtained from the Findlay City School District, Pam Barber, who serves as treasurer, 227 South West Street, Findlay, Ohio 45840-3377.

NOTE 18 - INSURANCE PURCHASING POOL:-

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School 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 School District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. 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 Trust.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 18 - INSURANCE PURCHASING POOL:- (continued)

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 19 - 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 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.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 2001	\$ 42,220		
Current Year Set-aside Requirement	134,681	\$ 134,681	
Current Year Offsets			
Qualifying Disbursements	<u>(123,765)</u>	<u>(135,812)</u>	
Total	<u>\$ 53,136</u>	<u> </u>	
Cash Balance Carried Forward to FY 2003	<u>\$ 53,136</u>	<u> </u>	
Total Restricted Assets			<u>\$ 53,136</u>

Amounts of qualifying disbursements presented for capital acquisitions in the table were limited to those necessary to reduce the year-end balance to zero.

NOTE 20 - RELATED ORGANIZATION:-

Forest-Jackson Public Library – The Forest 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.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 21 – CONTINGENCIES:-

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

B. Litigation

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

NOTE 22 – STATE SCHOOL FUNDING DECISION:-

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

RIVERDALE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2002

NOTE 23 – CONTRACTUAL COMMITMENTS:-

At June 30, 2002, the District had contractual commitments as follows:

<u>COMPANY NAME</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Contract Amount Remaining</u>
Peterson Construction	\$ 9,040,600		\$ 9,040,600
SPS Corporation	1,145,000		1,145,000
Alvada Construction	1,118,950		1,118,950
Arco, Inc.	444,853		444,853
Mack Industries	140,271		140,271
Vaughn Industries	2,450,528		2,450,528
Vaughn Industries	172,937		172,937
Wells Brothers	800,000		800,000
Vulcan Enterprises	299,673		299,673
Woolace Electric	1,538,200		1,538,200
Woolace Electric	47,000		47,000
Fanning/Howey	<u>1,248,781</u>	<u>\$ 936,586</u>	<u>312,195</u>
Total	<u>\$ 18,446,793</u>	<u>\$ 936,586</u>	<u>\$ 17,510,207</u>



**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, 2002, and have issued our report thereon dated January 23, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

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 general purpose 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Riverdale Local School District in a separate letter dated January 23, 2003.

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.

Shulbrook & Mante

Certified Public Accountants

January 23, 2003
Marion, Ohio

RIVERDALE LOCAL SCHOOL DISTRICT
STATUS OF PRIOR AUDIT CITATIONS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2002

CITATIONS AND RECOMMENDATIONS

There were no citations or recommendations issued in the prior year audit report.



**Auditor of State
Betty Montgomery**

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800-282-0370

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RIVERDALE LOCAL SCHOOL DISTRICT

HARDIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 8, 2003**