

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY**  
REPORT ON FINANCIAL STATEMENTS  
JUNE 30, 2012





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Riverdale Local School District, Hancock County, prepared by Holbrook & Manter, for the audit period July 1, 2011 through June 30, 2012. 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.

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

Dave Yost  
Auditor of State

February 7, 2013

**This page intentionally left blank.**

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**TABLE OF CONTENTS**

<b>INDEPENDENT AUDITORS' REPORT .....</b>	<b>1-2</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) .....</b>	<b>3 - 9</b>
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government-Wide Financial Statements:	
Statement of Net Assets- Cash Basis.....	10
Statement of Activities- Cash Basis .....	11
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances- Governmental Funds .....	12
Statement of Revenues, Expenditures and Changes in Cash Basis Fund Balances – Governmental Funds.....	13
Statement of Revenues, Expenses and Changes in Fund Balances –Budget and Actual Comparison- Budget Basis – General Fund.....	14
Statement of Receipts, Disbursements, and Changes in Fund Balances- Budget and Actual Comparison- Budget Basis – Food Service Fund .....	15
Statement of Receipts, Disbursements, and Changes in Fund Balances- Budget and Actual Comparison- Budget Basis – Classroom Facilities & Maintenance Fund.....	16
Statement of Fiduciary Net Assets – Cash Basis .....	17
Statement of Changes in Fiduciary Net Assets – Cash Basis .....	18
<b>NOTES TO THE BASIC FINANCIAL STATEMENTS.....</b>	<b>19 - 36</b>
<b>INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS .....</b>	<b>37-38</b>
<b>SCHEDULE OF FINDINGS .....</b>	<b>39</b>
<b>SCHEDULE OF PRIOR AUDIT FINDINGS.....</b>	<b>40</b>



## INDEPENDENT AUDITORS' REPORT

Board of Education  
Riverdale Local School District  
Hancock County  
Mt. Blanchard, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Riverdale Local School District (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Ohio Administrative Code 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that while material, cannot be determined at this time.

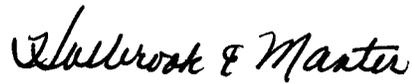
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Riverdale Local School District, Hancock County, Ohio, as of June 30, 2012, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, the Food Service Fund and the Classroom Facilities and Maintenance Fund for the year then ended in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012 on our consideration of the Riverdale Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

-1-

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Certified Public Accountants

December 18, 2012

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
UNAUDITED**

***MANAGEMENT'S DISCUSSION AND ANALYSIS***

The discussion and analysis of the Riverdale Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

***FINANCIAL HIGHLIGHTS***

Key financial highlights for fiscal year 2012 are as follows:

- In total, net assets increased 316,263.
- General revenues accounted for \$13,122,395, or 90 percent of all revenues. Program specific revenues in the form of operating grants and contributions accounted for \$1,343,139, or 10 percent of total revenues of \$14,465,534.
- The District's major funds included the General Fund, the Food Service Fund, the Bond Retirement Fund, and the Classroom Facilities & Maintenance Fund. The General Fund had \$9,760,404 in revenues and other financing sources and \$9,511,307 in expenditures and other financing uses. The General Fund's balance increased \$249,097 from the prior fiscal year. The Bond Retirement Fund had \$3,908,068 in revenues and other financing sources and \$3,965,402 in expenditures. The Bond Retirement Fund's balance decreased \$39,334 from the prior fiscal year. The Food Service Fund had \$410,020 in revenues and \$353,301 in expenditures. The Food Service Fund balance increased \$56,719 from the prior fiscal year. The Classroom Facilities & Maintenance Fund had \$75,691 in revenues and \$21,113 in expenditures. The Classroom Facilities & Maintenance Fund balance increased \$54,578 from the prior fiscal year.
- The revenue generated from the Bond Retirement Fund is used to pay for the current portion of bonded debt.

***USING THE BASIC FINANCIAL STATEMENTS***

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity. The statement of net assets and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column. For the District, the General Fund is by far the most significant fund. The General Fund, the Bond Retirement Fund, the Food Service Fund, and Classroom Facilities & Maintenance Fund are the four major funds.

***REPORTING THE DISTRICT AS A WHOLE***

***Statement of Net Assets and Statement of Activities*** - The statement of net assets and the statement of activities, both reported on the cash basis, reflect how the District did financially during fiscal year 2012. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
UNAUDITED**

***REPORTING THE DISTRICT AS A WHOLE*** (continued)

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

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

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

***REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS***

***Fund Financial Statements***

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

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

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

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
UNAUDITED**

***THE DISTRICT AS A WHOLE***

Table 1 provides a summary of the District's net assets for fiscal year 2012 compared to fiscal year 2011.

		<b>Table 1</b>	
		<b>Net Assets</b>	
		<b>Governmental Activities</b>	
		<u><b>2012</b></u>	<u><b>2011</b></u>
<b>Assets:-</b>			
Current and other assets	\$	<u>1,391,912</u>	\$ <u>1,075,649</u>
<b>Net assets:-</b>			
Restricted	\$	1,044,407	\$ 976,459
Unrestricted		<u>347,505</u>	<u>99,190</u>
Total	\$	<u>1,391,912</u>	\$ <u>1,075,649</u>

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
UNAUDITED**

**THE DISTRICT AS A WHOLE** (continued)

Table 2 reflects the changes in net assets for fiscal year 2012 compared to fiscal year 2011.

**Table 2  
Change in Net Assets**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
<b>Revenues</b>		
Program:-		
Charges for services and sales	\$ 832,130	\$ 827,187
Operating grants, contributions and interest	511,009	1,691,845
Total program revenues	<u>1,343,139</u>	<u>2,519,032</u>
General revenues:-		
Property taxes	2,413,103	2,346,737
Income taxes	1,178,397	1,069,889
Grants and entitlements	6,040,718	5,289,553
Interest	2,959	3,587
Gifts and donations	100	100
Loan proceeds	3,439,998	80,628
Miscellaneous	47,070	0
Refund of prior year expenditures	50	44,314
Total general revenues	<u>13,122,395</u>	<u>8,834,808</u>
Total revenues	<u>14,465,534</u>	<u>11,353,840</u>
<b>Expenses</b>		
Instructions	5,991,315	6,417,818
Support services:-		
Pupils	228,556	268,447
Instructional staff	281,197	354,390
Board of Education	110,609	61,579
Administration	722,457	711,537
Fiscal	277,180	263,633
Business	34,974	34,306
Operation and maintenance of plant	1,003,778	1,009,792
Pupil transportation	727,423	644,526
Central	58,701	59,277
Non-instructional	354,172	380,181
Extracurricular activities	399,769	446,198
Capital outlay	5,000	206,333
Principal	3,801,526	261,553
Interest and fiscal charges	135,522	104,456
Refund of prior year receipts	17,092	66,062
Total expenses	<u>14,149,271</u>	<u>11,290,088</u>
Increase in net assets	<u>\$ 316,263</u>	<u>\$ 63,752</u>

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
UNAUDITED**

**THE DISTRICT AS A WHOLE** (continued)

**Governmental Activities**

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

	<b>Total and Net Cost of Program Services Governmental Activities</b>			
	<b>2012</b>		<b>2011</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instruction	\$ 5,991,315	\$ 5,301,004	\$ 6,417,818	\$ 5,034,283
Support services;-				
Pupils	228,556	211,356	268,447	253,564
Instructional staff	281,197	247,914	354,390	189,758
Board of education	110,609	110,609	61,579	61,550
Administration	722,457	722,457	711,537	708,823
Fiscal	277,180	277,180	263,633	263,030
Business	34,974	34,974	34,306	34,306
Operation and maintenance of plant	1,003,778	971,202	1,009,792	605,288
Pupil transportation	727,423	727,423	644,526	642,954
Central	58,701	58,701	59,277	53,775
Non-instructional	354,172	( 58,981)	380,181	1,008
Extracurricular activities	399,769	243,153	446,198	285,643
Capital outlay	5,000	5,000	125,705	124,375
Principal	3,801,526	361,528	261,553	261,553
Interest and fiscal charges	135,522	135,522	104,456	104,456
Refund of prior year receipts	17,092	17,092	66,062	66,062
Total expenses	<u>\$ 14,149,271</u>	<u>\$ 9,366,134</u>	<u>\$ 11,209,460</u>	<u>\$ 8,690,428</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 88 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 87 percent. The remaining 13 percent is derived from tuition and fees, specific grants, and donations.

**The District's Funds**

The District's governmental funds are accounted for using the cash basis of accounting. The District's major governmental funds are the General Fund, the Bond Retirement Fund, the Food Service Fund, and the Classroom Facilities & Maintenance Fund. Total governmental funds had revenues and other financing sources of \$14,499,448 and expenditures and other financing uses of \$14,183,185. The net positive change of \$316,263 in fund balance for the year indicates that the District was able to meet current costs.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
UNAUDITED**

***THE DISTRICT AS A WHOLE*** (continued)

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2012, the District amended its General Fund budget as needed.

Final expenditures were budgeted at \$9,452,228, while actual expenditures were \$9,546,357. The \$94,129 difference is primarily due to not budgeting for the gross up of loan proceeds. The District under-appropriated expenditures during this fiscal year.

***Debt Administration***

At June 30, 2012, the District had \$3,439,998 in building project general obligation bonds for building a new K-12 school building. The bonds were issued for a twenty-three year period, with final maturity on December 1, 2024. The bonds are being retired through the Bond Retirement Fund.

At June 30, 2012, the District's overall legal debt margin was \$5,733,658, with an un-voted debt margin of \$106,963.

**Outstanding Debt at Year-End**

	<u>2012</u>	<u>2011</u>
Series 2003 Building Bonds	<u>\$3,354,998</u>	<u>\$3,704,998</u>

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

***Current Issues***

The District is holding its own in the state of a declining economy and uncertainty in State funding. The District's territory encompasses the villages of Mt Blanchard, Forest, Patterson and Wharton, and Delaware and Richland Townships, 98% of Jackson Township and smaller portions of 10 other townships in Northwest Ohio. It has a number of small businesses with agriculture being a major source of employment and income in the District.

The District is currently operating in the second year of the state biennium budget. 41% of District revenue sources are from local funds and 59% is from state and federal funds. The total expenditure per pupil was calculated at \$9,173.

Over the past several years, the District has remained in a good financial position. In November 2009, the District passed a five-year renewal levy of 6.9 mills to generate \$559,650 annually. In May 2010, the District renewed a three-year 1% school district income tax levy to generate \$840,555 annually. These levies provide a source of funds for the financial operations and stability of the District. However, future finances are not without challenges as our community changes and state funding is revised. Some of these challenges are in the future of state funding for schools in light of the DeRolph court case and the long term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
UNAUDITED**

***CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT***

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

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
**STATEMENT OF NET ASSETS - CASH BASIS**  
**JUNE 30, 2012**

	<u>Governmental Activities</u>
<b>ASSETS:-</b>	
Equity in pooled cash and cash equivalents	\$ <u>1,391,912</u>
 Total assets	 \$ <u><u>1,391,912</u></u>
 <b>NET ASSETS:-</b>	
Restricted for debt service	\$ 607,217
Restricted for capital outlay	142
Restricted for other purposes	437,048
Unrestricted	<u>347,505</u>
 <b>Total net assets</b>	 \$ <u><u>1,391,912</u></u>

See Accompanying Notes to the Basic Financial Statements

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

	<b>Program Revenues</b>			<b>Net(Expense) Revenue and Changes in Net Assets</b>
	<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
<b>GOVERNMENTAL ACTIVITIES:-</b>				
Instruction:-				
Regular	\$ 4,322,109	\$ 462,079	\$ 36,876	\$ ( 3,823,154)
Special	737,487	0	116,070	( 621,417)
Vocational	174,715	0	75,286	( 99,429)
Student Intervention Services	3,496	0	0	( 3,496)
Other	753,508	0	0	( 753,508)
Support services:-				
Pupils	228,556	0	17,200	( 211,356)
Instructional staff	281,197	0	33,283	( 247,914)
Board of education	110,609	0	0	( 110,609)
Administration	722,457	0	0	( 722,457)
Fiscal	277,180	0	0	( 277,180)
Business	34,974	0	0	( 34,974)
Operation and maintenance of plant	1,003,778	0	32,576	( 971,202)
Pupil transportation	727,423	0	0	( 727,423)
Central	58,701	0	0	( 58,701)
Operation of non-instructional services	354,172	213,435	199,718	58,981
Extracurricular activities	399,769	156,616	0	( 243,153)
Capital outlay	5,000	0	0	( 5,000)
Debt service:-				
Principal	3,801,526	0	0	( 3,801,526)
Interest and fiscal charges	135,522	0	0	( 135,522)
Refund of prior year receipts	17,092	0	0	( 17,092)
<b>Total governmental activities</b>	<b>\$ 14,149,271</b>	<b>\$ 832,130</b>	<b>\$ 511,009</b>	<b>( 12,806,132)</b>
<b>GENERAL REVENUES:-</b>				
Property taxes levied for:-				
General purposes				1,981,221
Debt service				395,265
Other purposes				36,617
Income taxes				1,178,397
Grants and entitlements not restricted to specific programs				6,040,718
Gifts and donations				100
Investment earnings				2,959
Proceeds from refunding of bonds				3,439,998
Miscellaneous				47,070
Refund of prior year expenditures				50
<b>Total general revenues</b>				<b>13,122,395</b>
Change in net assets				316,263
Net assets at beginning of year				1,075,649
<b>Net assets end of year</b>				<b>\$ 1,391,912</b>

See Accompanying Notes to the Basic Financial Statements

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	<b>General Fund</b>	<b>Bond Retirement Fund</b>	<b>Food Service Fund</b>	<b>Classroom Facilities &amp; Maintenance Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS:-</b>						
Current assets:-						
Equity in pooled cash and cash equivalents	\$ 369,853	\$ 0	\$ 0	\$ 0	\$ 142	\$ 369,995
Restricted assets:-						
Equity in pooled cash and cash equivalents	<u>0</u>	<u>607,217</u>	<u>146,548</u>	<u>185,863</u>	<u>82,289</u>	<u>1,021,917</u>
<b>Total assets</b>	<u>\$ 369,853</u>	<u>\$ 607,217</u>	<u>\$ 146,548</u>	<u>\$ 185,863</u>	<u>\$ 82,431</u>	<u>\$ 1,391,912</u>
<b>Fund Balances:-</b>						
Restricted	\$ 0	\$ 607,217	\$ 146,548	\$ 185,863	\$ 82,289	\$ 1,021,917
Assigned	53,387	0	0	0	142	53,529
Unassigned	<u>316,466</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>316,466</u>
<b>Total fund balances</b>	<u>\$ 369,853</u>	<u>\$ 607,217</u>	<u>\$ 146,548</u>	<u>\$ 185,863</u>	<u>\$ 82,431</u>	<u>\$ 1,391,912</u>

See Accompanying Notes to the Basic Financial Statements

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Food Service Fund</u>	<u>Classroom Facilities &amp; Maintenance Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES:-</b>						
Property and other local taxes	\$ 1,981,221	\$ 395,265	\$ 0	\$ 36,617	\$ 0	\$ 2,413,103
Income tax	1,178,397	0	0	0	0	1,178,397
Intergovernmental	6,047,055	62,451	199,718	39,074	203,429	6,551,727
Interest	2,714	0	216	0	29	2,959
Tuition and fees	450,534	0	0	0	0	450,534
Rent	11,545	0	0	0	0	11,545
Extracurricular activities	36,158	0	0	0	120,458	156,616
Gifts and donations	100	0	0	0	0	100
Customer sales and services	0	0	210,086	0	3,349	213,435
Miscellaneous	47,070	0	0	0	0	47,070
Total revenues	<u>9,754,794</u>	<u>457,716</u>	<u>410,020</u>	<u>75,691</u>	<u>327,265</u>	<u>11,025,486</u>
<b>EXPENDITURES:-</b>						
Current:-						
Instruction:-						
Regular	4,282,423	0	0	0	39,686	4,322,109
Special	633,625	0	0	0	103,862	737,487
Vocational	174,715	0	0	0	0	174,715
Student intervention services	3,496	0	0	0	0	3,496
Other	753,508	0	0	0	0	753,508
Support services:-						
Pupils	211,416	0	0	0	17,140	228,556
Instructional staff	260,694	0	0	0	20,503	281,197
Board of education	110,609	0	0	0	0	110,609
Administration	718,674	0	0	0	3,783	722,457
Fiscal	276,110	0	0	1,070	0	277,180
Business	34,974	0	0	0	0	34,974
Operation and maintenance of plant	949,263	0	0	20,043	17,933	987,239
Pupil transportation	699,069	28,354	0	0	0	727,423
Central	58,701	0	0	0	0	58,701
Operation of non-instructional services	0	0	353,301	0	871	354,172
Extracurricular activities	282,045	0	0	0	117,724	399,769
Capital outlay	0	0	0	0	5,000	5,000
Debt service:-						
Principal	14,227	3,801,526	0	0	0	3,815,753
Interest	2,312	135,522	0	0	0	137,834
Total expenditures	<u>9,465,861</u>	<u>3,965,402</u>	<u>353,301</u>	<u>21,113</u>	<u>326,502</u>	<u>14,132,179</u>
Excess of revenues over (under) expenditures	<u>288,933</u>	<u>(3,507,686)</u>	<u>56,719</u>	<u>54,578</u>	<u>763</u>	<u>(3,106,693)</u>
<b>OTHER FINANCING SOURCES (USES):-</b>						
Proceeds of refunding of bonds	0	3,439,998	0	0	0	3,439,998
Transfers in	0	28,354	0	0	0	28,354
Advances in	5,560	0	0	0	0	5,560
Refund of prior year expenditures	50	0	0	0	0	50
Transfers out	( 28,354)	0	0	0	0	( 28,354)
Advances out	0	0	0	0	( 5,560)	( 5,560)
Refund of prior year receipts	( 17,092)	0	0	0	0	( 17,092)
Total other financing sources and uses	<u>( 39,836)</u>	<u>3,468,352</u>	<u>0</u>	<u>0</u>	<u>( 5,560)</u>	<u>3,422,956</u>
Net change in fund balances	249,097	( 39,334)	56,719	54,578	( 4,797)	316,263
Fund balance at beginning of year	120,756	646,551	89,829	131,285	87,228	1,075,649
<b>Fund balance at end of year</b>	<u>\$ 369,853</u>	<u>\$ 607,217</u>	<u>\$ 146,548</u>	<u>\$ 185,863</u>	<u>\$ 82,431</u>	<u>\$ 1,391,912</u>

See Accompanying Notes to the Basic Financial Statements

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL- BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES:-</b>				
Property and other local taxes	\$ 1,962,712	\$ 1,971,942	\$ 1,981,221	\$ 9,279
Income tax	1,091,872	1,168,397	1,178,397	10,000
Intergovernmental	5,893,505	6,000,000	6,047,055	47,055
Interest	3,500	2,500	2,714	214
Tuition and fees	408,429	425,000	450,534	25,534
Rent	35,000	10,000	11,545	1,545
Extracurricular activities	34,000	35,000	36,158	1,158
Gifts and donations	100	100	100	0
Miscellaneous	39,873	45,000	47,070	2,070
Total revenues	<u>9,468,991</u>	<u>9,657,939</u>	<u>9,754,794</u>	<u>96,855</u>
<b>EXPENDITURES:-</b>				
Current:-				
Instruction:-				
Regular	4,196,495	4,235,620	4,290,092	( 54,472)
Special	751,536	633,701	633,700	1
Vocational	166,651	174,715	174,715	0
Student intervention services	12,022	3,496	3,496	0
Other	749,562	753,509	753,508	1
Support services:-				
Pupils	205,982	211,571	211,594	( 23)
Instructional staff	275,168	259,411	260,694	( 1,283)
Board of education	73,122	110,609	110,609	0
Administration	721,118	723,980	723,982	( 2)
Fiscal	256,815	277,105	277,106	( 1)
Business	42,199	34,974	34,974	0
Operation and maintenance of plant	978,558	976,022	976,022	0
Pupil transportation	686,298	707,759	706,073	1,686
Central	60,953	58,701	58,701	0
Extracurricular activities	293,807	240,609	285,645	( 45,036)
Total expenditures	<u>9,470,286</u>	<u>9,401,782</u>	<u>9,500,911</u>	<u>( 99,129)</u>
Excess of revenues over (under) expenditures	<u>( 1,295)</u>	<u>256,157</u>	<u>253,883</u>	<u>( 2,274)</u>
Other Financing Sources and Uses:-				
Advances in	0	5,560	5,560	0
Refund of prior year expenditures	0	50	50	0
Transfers out	0	( 33,354)	( 28,354)	5,000
Refund of prior year receipts	0	( 17,092)	( 17,092)	0
Total other financing sources and (uses)	<u>0</u>	<u>( 44,836)</u>	<u>( 39,836)</u>	<u>5,000</u>
Net change in fund balances	<u>( 1,295)</u>	<u>211,321</u>	<u>214,047</u>	<u>2,726</u>
Fund balance at beginning of year	51,874	51,874	51,874	0
Prior year encumbrances appropriated	<u>68,878</u>	<u>68,878</u>	<u>68,878</u>	<u>0</u>
<b>Fund balance at end of year</b>	<u>\$ 119,457</u>	<u>\$ 332,073</u>	<u>\$ 334,799</u>	<u>\$ 2,726</u>

See Accompanying Notes to the Basic Financial Statements

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL- BUDGET BASIS  
FOOD SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES:-</b>				
Intergovernmental	\$ 179,500	\$ 199,693	\$ 199,718	\$ 25
Interest	190	216	216	0
Customer sales and services	<u>217,500</u>	<u>210,086</u>	<u>210,086</u>	<u>0</u>
Total revenues	<u>397,190</u>	<u>409,995</u>	<u>410,020</u>	<u>25</u>
<b>EXPENDITURES:-</b>				
Current;-				
Instruction;-				
Operation of non-instructional services	<u>524,968</u>	<u>353,301</u>	<u>353,301</u>	<u>0</u>
Total expenditures	<u>524,968</u>	<u>353,301</u>	<u>353,301</u>	<u>0</u>
Net change in fund balances	( 127,778)	56,694	56,719	25
Fund balance at beginning of year	76,529	76,529	76,529	0
Prior year encumbrances appropriated	<u>13,300</u>	<u>13,300</u>	<u>13,300</u>	<u>0</u>
<b>Fund balance at end of year</b>	<u>\$ ( 37,949)</u>	<u>\$ 146,523</u>	<u>\$ 146,548</u>	<u>\$ 25</u>

See Accompanying Notes to the Basic Financial Statements

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS  
CLASSROOM FACILITIES & MAINTENANCE FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:-</b>				
Property and other local taxes	\$ 36,453	\$ 36,617	\$ 36,617	\$ 0
Intergovernmental	4,951	39,074	39,074	0
Total revenues	41,404	75,691	75,691	0
<b>EXPENDITURES:-</b>				
Current;-				
Support services;-				
Fiscal	1,000	1,070	1,070	0
Operation and maintenance of plant	143,617	205,906	20,043	185,863
Total expenditures	144,617	206,976	21,113	185,863
Excess of revenues over (under) expenditures	( 103,213)	( 131,285)	54,578	185,863
Net change in fund balances	( 103,213)	( 131,285)	54,578	185,863
Fund balance at beginning of year	131,285	131,285	131,285	0
Prior year encumbrances appropriated	0	0	0	0
<b>Fund balance at end of year</b>	<b>\$ 28,072</b>	<b>\$ 0</b>	<b>\$ 185,863</b>	<b>\$ 185,863</b>

See Accompanying Notes to the Basic Financial Statements

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2012

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
<b>ASSETS:-</b>		
Current assets:-		
Equity in pooled cash and cash equivalents	\$ 0	\$ 65,268
Investments	<u>20,000</u>	<u>0</u>
Total assets	<u>20,000</u>	<u>65,268</u>
<b>LIABILITIES:-</b>		
Current liabilities:-		
Undistributed monies	<u>0</u>	<u>65,268</u>
Total Liabilities	<u>0</u>	<u>65,268</u>
<b>NET ASSETS:-</b>		
Held in trust for scholarships	<u>20,000</u>	<u>0</u>
<b>Total net assets</b>	<b>\$ <u><u>20,000</u></u></b>	<b>\$ <u><u>0</u></u></b>

See Accompanying Notes to the Basic Financial Statements

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Private Purpose Trust</u>
<b>ADDITIONS:-</b>	
Interest	\$ <u>455</u>
Total additions	<u>455</u>
<b>DEDUCTIONS:-</b>	
Payments in accordance with trust agreements	<u>500</u>
Total deductions	<u>500</u>
Change in net assets	( 45)
Net assets beginning of year	20,045
<b>Net assets end of year</b>	<b>\$ <u><u>20,000</u></u></b>

See Accompanying Notes to the Basic Financial Statements

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

Riverdale Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Riverdale Local School District is a city school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's seven instructional/support facilities staffed by 41 non-certified and 76 certified full-time teaching personnel who provide services to 1,026 students and other community members.

**A. The Reporting Entity**

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The School District participates in two jointly governed organizations, two group purchasing pools, and has one related organization. These organizations are the Western Ohio Computer Organization; the Millstream Cooperative Vocational Career Center; the Ohio School Boards Association Workers' Compensation Group Rating Plan; Hancock County School Employees' Health and Welfare Benefit Plan and Trust; and the Forest-Jackson Public Library. These organizations are presented in Notes 14, 15, and 16 to the financial statements

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

These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Following are the more significant of the District's accounting policies.

**A. Basis of Accounting**

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. The school district recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**B. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statement of net assets presents the financial condition of the governmental activities of the District at fiscal year end. The statement of activities presents a comparison between direct cash disbursements and program cash receipts for each program or function of the District's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts, which are not classified as program cash receipts, are presented as general cash receipts of the District, with certain limited exceptions. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental function is self-financing or draws from the general cash receipts of the District.

**Fund Financial Statements**

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

**Fund Accounting**

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

**Major Funds**

A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- A. Total assets, receipts, or disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

- B. Total assets, receipts, or disbursements of that individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

**The funds of the financial reporting entity are described below:**

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

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

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

**Classroom Facilities & Maintenance Fund** - The Classroom Facilities & Maintenance Fund is used to account for revenues and expenditures related to facility improvements and maintenance.

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

**Fiduciary Funds**

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

**C. Budgetary Process**

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

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

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

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

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

***D. Cash and Investments***

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. During fiscal year 2012, interest revenue credited to the General Fund was \$2,714 and \$245 to various other funds.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

***E. Restricted Assets***

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributor's grantors, or laws of other government or imposed by enabling legislation.

***F. Property, Plant and Equipment***

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

***G. Compensated-Absences***

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

***H. Long-Term Obligations***

These cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

***I. Interfund Transactions***

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

***J. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

***K. Net Assets***

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes.

The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

***L. Fund Balance***

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

**Nonspendable** - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

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

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

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

**Assigned** - Amounts in the assigned classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

**Unassigned** - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**NOTE 3 - COMPLIANCE:-**

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

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING:-**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to \$31,039.

**NOTE 5 - DEPOSITS AND INVESTMENTS:-**

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

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

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

**NOTE 5 - DEPOSITS AND INVESTMENTS:-** (continued)

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the agreement be at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. 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;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under certain circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 5 - DEPOSITS AND INVESTMENTS:-** (continued)

**Deposits** - Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of District cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At fiscal year end, the carrying amount of the District's deposits was \$1,477,280 and the bank balance was \$1,514,287. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,264,287 was uninsured. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the Federal District Insurance Corporation.

**Investments** - During the fiscal year, the District had no investments.

**NOTE 6 - PROPERTY TAXES:-**

Tangible personal property tax revenues received in calendar year 2012 (other than public utility property) represent the collection of calendar year 2012 taxes levied against local and inter-exchange telephone companies.

Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2012 were levied after October 1, 2011, on the value as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone, and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar year 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

The District receives property taxes from Hardin, Wyandot, and Hancock Counties. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 6 - PROPERTY TAXES:-** (continued)

The assessed values upon which the fiscal year 2012 taxes were collected are:

	<b>2011 Second Half Collections</b>		<b>2012 First Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/residential and other real estate	\$ 103,375,050	97%	\$ 107,561,300	97%
Public utility personal	<u>3,587,790</u>	<u>3%</u>	<u>3,703,970</u>	<u>3%</u>
<b>Total assessed value</b>	<b><u>\$ 106,962,840</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 111,265,270</u></b>	<b><u>100.00%</u></b>

**NOTE 7 - INCOME TAX:-**

The District levies a voted tax of 1.0 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2005, and will continue for three years. This tax was subsequently renewed by voters in November 2008 for an additional three years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**NOTE 8 - RISK MANAGEMENT:-**

***Hardin County School Employees' Health and Welfare Benefit Plan and Trust***

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

***Phelan Insurance Agency, Inc. Ohio Casualty Insurance***

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the District contracted for the following insurance coverages:

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

**NOTE 8 - RISK MANAGEMENT:-** (continued)

Coverage's provided by Phelan Insurance Agency, Inc. are as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and contents- replacement cost	\$ 1,000	\$ 38,573,092
Inland marine:		
Computer equipment	500	1,071,882
Musical instruments	500	134,237
Uniforms	500	3,416
Scheduled equipment	500	124,514
Crime:		
Public employee dishonesty	500	50,000
Theft, disappearance and destruction	500	10,000
Automobile:		
Liability	500	1,000,000
Uninsured motorists	500	1,000,000
General liability:		
Per occurrence		1,000,000
Aggregate		2,000,000
Excess liability:		
Per occurrence		5,000,000
Aggregate		5,000,000
Employee benefits liability:		
Per occurrence		1,000,000
Aggregate		2,000,000

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

***Ohio School Boards Association Workers' Compensation Group Rating Program***

For fiscal year 2012, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 9 - DEFINED PENSION BENEFIT PLANS:-**

***School Employee Retirement System***

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

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2012, 11.81 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$192,644, \$192,607, and \$183,780, respectively; 52 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

***State Teachers Retirement System***

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

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

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

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

**NOTE 9 - DEFINED PENSION BENEFIT PLANS:-** (continued)

**Funding Policy** - For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2011, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010 were \$605,918, \$579,334, and \$646,247, respectively; 85 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**NOTE 10 - POSTEMPLOYMENT BENEFITS:-**

***School Employee Retirement System***

The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2012, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2012, this amount was \$35,800.

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

The District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$19,677, \$6,933, and \$54,609, respectively; 53 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2012, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$10,458, \$11,454, and \$9,845, respectively; 52 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 10 - POSTEMPLOYMENT BENEFITS:-** (continued)

***State Teachers Retirement System***

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

Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$43,280, \$44,564, and \$44,732, respectively; 85 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**NOTE 11 - COMPENSATED ABSENCES:-**

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

**NOTE 12 - LONG-TERM OBLIGATIONS:-**

During the year ended June 30, 2012, the following changes occurred in obligations reported in the Government-Wide Financial Statements:

	<b>Balance Outstanding 06/30/11</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance Outstanding 6/30/12</b>	<b>Amounts Due in One Year</b>
Series 2003 Building Bonds	\$ 3,704,998	\$ 0	\$ 3,704,998	\$ 0	\$ 0
Series 2011 Refunding Bonds	0	3,439,999	85,000	3,354,999	325,000
School Bus Commercial Loan	80,628	0	25,755	54,873	26,867
	<u>\$ 3,785,626</u>	<u>\$ 3,439,999</u>	<u>\$ 3,815,753</u>	<u>\$ 3,409,872</u>	<u>\$ 351,867</u>

**General Obligation Bonds** - On June 1, 2002, Riverdale Local School District issued \$5,952,998 in voted general obligation bonds for school improvements. The bonds were issued for a twenty-three year period with final maturity at December 1, 2024 with an interest rate of 4.9525 percent. The bonds will be retired from the Bond Retirement Debt Service Fund.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 12 - LONG-TERM OBLIGATIONS:-** (continued)

On March 23, 2011, the District issued a refunding bond issue to retire the 2003 building bonds except for the capital appreciation bonds. The bonds were issued for a twelve year period with final maturity at December 1, 2023 with an average interest rate of 3.5042 percent. The bonds will be retired from the Bond Retirement debt Service Fund.

**School Bus Commercial Loan** - On June 8, 2011, Riverdale Local School District issued \$80,628 in voted loan obligations for the purchase of a 2012 Model 84 passenger school bus from Cardinal Bus. The loan was issued for a thirty-six month period with final maturity at June 8, 2014 with an interest rate of 3.500 percent. The loan will be retired from the General Debt Service Fund.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2012, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 325,000	\$ 281,936	\$ 606,936
2014	300,014	306,423	606,437
2015	125,671	306,375	432,046
2016	214,314	220,670	434,984
2017	330,000	98,384	428,384
2018-2022	1,810,000	325,309	2,135,309
2023-2024	249,999	32,000	281,999
<b>Totals</b>	<b>\$ 3,354,998</b>	<b>\$ 1,571,097</b>	<b>\$ 4,926,095</b>

Principal and interest requirements to retire commercial loan debt, outstanding at June 30, 2012, are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 26,867	\$ 1,487	\$ 28,354
2014	27,823	531	28,354
<b>Totals</b>	<b>\$ 54,690</b>	<b>\$ 2,018</b>	<b>\$ 56,708</b>

**NOTE 13 - SET-ASIDE CALCULATIONS AND FUND RESERVES:-**

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the 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. A similar provision related to the purchase of textbooks and other instructional materials was repealed effective July 1, 2011.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 13 - SET-ASIDE CALCULATIONS AND FUND RESERVES:-** (continued)

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

	<b><u>Capital Acquisition</u></b>
Set-aside cash balance as of June 30, 2011	\$ 0
Current year set-aside requirement	167,167
Qualifying disbursements	<u>( 185,863)</u>
Set -aside balance carried forward to future fiscal years	\$ <u>( 18,696)</u>
<b>Cash balance carried forward to FY 2013</b>	<b>\$ <u>0</u></b>

**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS:-**

***Western Ohio Computer Organization*** - The District is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of various public school districts within the boundaries of Auglaize, Champaign, Hancock, 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, 4<sup>th</sup> Floor, Sidney, Ohio 45365.

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

**NOTE 15 - GROUP PURCHASING POOLS:-**

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

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 15 - GROUP PURCHASING POOLS:-** (continued)

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

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

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

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

**NOTE 16 - RELATED ORGANIZATIONS:-**

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

**NOTE 17 - CONTINGENCIES:-**

***Grants*** - The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 District at June 30, 2012.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 17 - CONTINGENCIES:-** (continued)

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

*School / Community School Contingency* - The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

**NOTE 18 - INTERFUND TRANSFERS AND ADVANCES:-**

During fiscal year 2012, the following transfers and advances were made:

<b>Fund</b>	<b>Transfers Out</b>	<b>Transfers In</b>
General Fund	\$ 28,354	\$ 0
Bond Retirement Fund	0	28,354
<b>Total</b>	<b>\$ 28,354</b>	<b>\$ 28,354</b>
	<b>Advances Out</b>	<b>Advances In</b>
Race to the top Fund	\$ 5,560	\$ 0
General Fund	0	5,560
<b>Total</b>	<b>\$ 5,560</b>	<b>\$ 5,560</b>

**RIVERDALE LOCAL SCHOOL DISTRICT**  
**HANCOCK COUNTY, OHIO**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

**NOTE 19 - FUND BALANCE:-**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balance</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Food Service Operations</u>	<u>Classroom Maintenance</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Restricted for:						
Textbooks and capital improvements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,210	\$ 29,210
Regular instruction	0	0	0	0	32,350	32,350
Special instruction	0	0	0	0	20,719	20,719
Athletics	0	0	0	0	0	0
Food service operations	0	0	146,548	0	0	146,548
Facilities maintenance	0	0	0	185,863	0	185,863
Debt retirement	0	607,217	0	0	0	607,217
Building construction	0	0	0	0	10	10
Total restricted	0	607,217	146,548	185,863	82,289	1,021,917
Assigned for:						
Permanent improvement	0	0	0	0	142	142
Educational activities	22,348	0	0	0	0	22,348
Unpaid obligations (encumbrances)	31,039	0	0	0	0	31,039
Total assigned	53,387	0	0	0	142	53,529
Unassigned	316,466	0	0	0	0	316,466
Total fund balance	\$ 369,853	\$ 607,217	\$ 146,548	\$ 185,863	\$ 82,431	\$ 1,391,912

**NOTE 20 - SUBSEQUENT EVENTS:-**

Management has evaluated subsequent events as of December 18, 2012, the date of the auditor's report.



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

Board of Education  
Riverdale Local School District  
Hancock, County  
Mt Blanchard, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Riverdale Local School District, Hancock County, Ohio, (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2012, wherein we noted the District presented financial statements on the cash basis of accounting rather than in accordance with accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

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

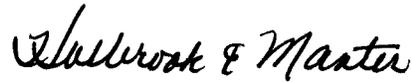
### Compliance and Other Matters

As part reasonably assuring whether Riverdale Local School District's financial statements are free of material misstatement, we tested of its compliance with certain provisions of laws, regulation, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2012-001 and 2012-002.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 18, 2012.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the Board of Education, and others within the District. We intend it for no one other than these specified parties.



Certified Public Accountants

December 18, 2012

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>Finding Number</b>	<b>2012-001</b>
-----------------------	-----------------

**Material Non-Compliance - GAAP Reporting**

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Administrative Code Section 11-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). For fiscal year 2012, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, fund equities, and disclosures, that while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

We recommend the District prepare its financial statements on the GAAP basis of accounting.

**Officials' Response**

The School District acknowledges this requirement but will continue to report on the cash basis in order to save financial resources for the District.

<b>Finding Number</b>	<b>2012-002</b>
-----------------------	-----------------

**Noncompliance Citation - Expenditures Exceeding Appropriations**

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

During our audit procedures, we noted that expenditures exceeded appropriations in the District's General Fund for fiscal year 2011. We recommend that the Treasurer and the School Board monitor on a regular basis expenditures and appropriations. Whenever it is necessary, amended appropriations need to be prepared, approved, and submitted to the County Budget Commission.

**Officials' Response**

The District will work on correcting this finding and improve compliance controls to address the issue.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2011-001	CFDA 84.394 – State Fiscal Stabilization Fund (SFSP) – Education State Grants, Recovery Act– 2010 and 2011- U.S. Department of Education-Passed-Through the Ohio Department of Education-Allowable Costs.	Yes	Fully Corrected.
2011-002	CFDA 84.394 - State Fiscal Stabilization Fund (SFSP) - Education State Grants, Recovery Act– 2010 and 2011- U.S. Department of Education Passed-Through the Ohio Department of Education- Cash Management - Advances	Yes	Fully Corrected.
2011-003	CFDA 84.394 – State Fiscal Stabilization Fund (SFSP) – Education State Grants, Recovery Act – 2010-2011- U.S. Department of Education Passed-Through the Ohio Department of Education- Period of Availability of Federal Funds	Yes	Fully Corrected.
2011-004	Material Non-Compliance - GAAP Reporting	No	Repeated as finding 2012-001.
2011-005	Noncompliance Citation - Expenditures Exceeding Appropriations	No	Repeated as finding 2012-002.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**RIVERDALE LOCAL SCHOOL DISTRICT**

**HANCOCK 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  
FEBRUARY 19, 2013**