



Dave Yost • Auditor of State



**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis.....	11
Statement of Activities – Cash Basis .....	12
Fund Financial Statements:	
Statement of Assets and Fund Balances- Cash Basis – Governmental Funds .....	13
Statement of Receipts, Disbursements, and Changes in Fund Balances - Cash Basis - Governmental Funds .....	14
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual - Budget Basis – General Fund .....	15
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual - Budget Basis – Classroom Facility & Maintenance Fund .....	16
Statement of Net Position – Cash Basis – Fiduciary Funds.....	17
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	18
Notes to the Basic Financial Statements .....	19
Federal Awards Receipts and Expenditures Schedule.....	35
Notes to the Federal Awards Receipts and Expenditures Schedule .....	36
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	37
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133 .....	39
Schedule of Findings.....	41
Schedule of Prior Audit Findings.....	44

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Riverdale Local School District  
Hancock County  
20613 State Route 37  
Mount Blanchard, Ohio 45867

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Riverdale Local School District, Hancock County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Riverdale Local School District, Hancock County, Ohio, as of June 30, 2014, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund and the Classroom Facilities and Maintenance Fund, thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

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

**Other Matters**

*Supplemental and Other Information*

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

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

The Federal Awards Receipts and Expenditures Schedule (the Schedule) also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 27, 2015

**This page is intentionally left blank.**

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited**

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, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2014 are as follows:

In total, net position increased \$679,367.

General receipts accounted for \$9,336,478, or 78 percent of all receipts. Program specific receipts in the form of charges for services and operating grants and contributions accounted for \$2,627,738, or 22 percent of total receipts of \$11,964,216.

The District's major funds included the General Fund, the Bond Retirement Fund, and the Classroom Facilities & Maintenance Fund. The General Fund had \$10,636,411 in receipts and \$9,895,104 in disbursements and other financing uses. The General Fund's balance increased \$741,307 from the prior fiscal year. The Bond Retirement Fund had \$405,060 in receipts and \$468,330 in disbursements. The Bond Retirement Fund's balance decreased \$63,270 from the prior fiscal year. The Classroom Facilities & Maintenance Fund had \$75,981 in receipts and \$47,730 in disbursements. The Classroom Facilities & Maintenance Fund balance increased \$28,251 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 position and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

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

**Reporting the District as a Whole**

Statement of Net Position and Statement of Activities - The statement of net position and the statement of activities, both reported on the cash basis, reflect how the District did financially during fiscal year 2014. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

These statements report the District's net position and changes in those assets. This change in net position 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.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited  
(Continued)**

In the cash basis statement of net position 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 receipts and from intergovernmental receipts, including federal and state grants.

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

**Fund Financial Statements**

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

**The District as a Whole**

Table 1 provides a summary of the District's net position for fiscal year 2014 compared to fiscal year 2013.

<b>Table 1</b>		
<b>Net Position</b>		
<b>Governmental Activities</b>		
	<b>2014</b>	<b>2013</b>
<b>Assets:</b>		
Current and Other Assets	\$2,431,835	\$1,752,468
 <b>Net Position:</b>		
Restricted	\$1,021,085	\$1,083,025
Unrestricted	1,410,750	669,443
Total	\$2,431,835	\$1,752,468

As mentioned previously, the net position of governmental activities increased \$679,367 or more than 38 percent during fiscal year 2014. The primary reason attributing to the increase is the District received increases in property taxes, income taxes, and grants.

Table 2 reflects the changes in net position for fiscal year 2014 compared to fiscal year 2013.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited  
(Continued)**

**Table 2  
Change in Net Position  
Governmental Activities**

	<b>2014</b>	<b>2013</b>
<b>Receipts:</b>		
Program Receipts:		
Charges for Services and Sales	\$860,992	\$883,130
Operating Grants, Contributions and Interest	1,766,746	713,606
Total Program Receipts	2,627,738	1,596,736
General Receipts:		
Property Taxes	2,699,012	2,495,891
Income Taxes	1,379,991	1,179,447
Grants and Entitlements	5,166,742	5,949,464
Interest	7,795	5,212
Gifts and Donations	100	100
Miscellaneous	80,776	123,153
Proceeds from Capital Assets		1,567
Insurance Recoveries		6,123
Refund of Prior Year Disbursements	2,062	920
Total General Receipts	9,336,478	9,761,877
Total Receipts	11,964,216	11,358,613
<b>Disbursements:</b>		
Instruction	6,594,027	6,233,104
Support Services:		
Pupils	233,778	216,910
Instructional Staff	318,650	318,518
Board of Education	68,745	58,495
Administration	611,213	740,506
Fiscal	292,481	285,975
Business	37,248	35,026
Operation and Maintenance of Plant	1,127,744	1,076,143
Pupil Transportation	633,891	729,103
Central	66,611	61,277
Non-Instructional	409,373	375,459
Extracurricular Activities	430,716	406,641
Principal	142,550	174,879
Interest and Fiscal Charges	317,822	286,021
Total Disbursements	11,284,849	10,998,057
Increase in Net Position	\$679,367	\$360,556

Program receipts account for 22 percent of total receipts and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

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 receipts and unrestricted state entitlements.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited  
(Continued)**

**Table 3  
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
Instruction	\$6,594,027	\$4,907,180	\$6,233,104	\$5,288,363
Support Services:				
Pupils	233,778	226,578	216,910	209,710
Instructional Staff	318,650	318,650	318,518	279,887
Board of Education	68,745	68,745	58,495	58,495
Administration	611,213	611,213	740,506	740,506
Fiscal	292,481	292,481	285,975	285,975
Business	37,248	37,248	35,026	35,026
Operation and Maintenance of Plant	1,127,744	1,095,168	1,076,143	1,043,567
Pupil Transportation	633,891	239,542	729,103	729,103
Central	66,611	66,611	61,277	61,277
Non-Instructional	409,373	27,776	375,459	(41,182)
Extracurricular Activities	430,716	305,547	406,641	249,694
Principal	142,550	142,550	174,879	174,879
Interest and Fiscal Charges	317,822	317,822	286,021	286,021
Total Disbursements	<u>\$11,284,849</u>	<u>\$8,657,111</u>	<u>\$10,998,057</u>	<u>\$9,401,321</u>

The dependence upon tax receipts and unrestricted state entitlements for governmental activities is apparent. Over 74 percent of instruction activities are supported through taxes and other general receipts. For all governmental activities, support from general receipts is 77 percent. The remaining 23 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, and the Classroom Facilities & Maintenance Fund. Total governmental funds had receipts and other financing sources of \$11,979,701 and disbursements and other financing uses of \$11,300,334. The net positive change of \$679,367 in fund balance for the year indicates that the District was able to meet current costs.

**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 2014, the District amended its General Fund budget as needed.

Final disbursements and other financing uses were budgeted at \$10,817,596, while actual disbursements and other financing uses were \$10,133,058. The \$684,538 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

**Debt Administration**

At June 30, 2014, the District had \$3,279,985 in refunding general obligation bonds. The bonds were issued for a thirteen year period, with final maturity on December 1, 2022. The bonds are being retired through the Bond Retirement Fund.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited  
(Continued)**

	<b>Outstanding Debt at Year-End</b>	
	<b>2014</b>	<b>2013</b>
2011 Refunding Bonds		
General Obligation Bonds	\$3,105,000	\$3,105,000
Capital Appreciation Bonds	174,985	199,999
2001 Capital Appreciation Bonds		89,768
Bus Loan		28,224
Series 2003 Building Bonds	<u>\$3,279,985</u>	<u>\$3,422,991</u>

At June 30, 2014, the District's overall legal debt margin was \$9,816,358, with an un-voted debt margin of \$139,347.

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 Mount 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. 42 percent of District revenue sources are from local funds and 58 percent is from state and federal funds. The total expenditure per pupil was calculated at \$9,665.

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 approximately \$560,000 annually. In November 2013, the District renewed a three-year 1% school district income tax levy to generate approximately \$1,200,000 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 the community changes and state funding is revised. Some of these challenges are in the future of state funding for schools and the long term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

**Contacting the District's Financial Management**

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

**This page is intentionally left blank.**

RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY

STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2014

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ <u>2,431,835</u>
<b>Net Position:</b>	
Restricted for Debt Service	555,157
Restricted for Capital Projects	142
Restricted for Other Purposes	465,786
Unrestricted	<u>1,410,750</u>
Total Net Position	\$ <u>2,431,835</u>

See Accompanying Notes to the Basic Financial Statements

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

	<u>Cash</u>	<u>Program Receipts</u>		<u>Net</u>
	<u>Disbursements</u>	<u>Charges for</u>	<u>Operating</u>	<u>(Disbursements)</u>
		<u>Services and</u>	<u>Grants,</u>	<u>Receipts and</u>
		<u>Sales</u>	<u>Contributions</u>	<u>Changes in Net</u>
			<u>and Interest</u>	<u>Position</u>
				<u>Governmental</u>
				<u>Activities</u>
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$ 5,243,545	\$ 556,751	\$ 26,273	\$ (4,660,521)
Special	1,152,344		899,149	(253,195)
Vocational	186,352		204,674	18,322
Student Intervention Services	11,786			(11,786)
Support Services:				
Pupils	233,778		7,200	(226,578)
Instructional Staff	318,650			(318,650)
Board of Education	68,745			(68,745)
Administration	611,213			(611,213)
Fiscal	292,481			(292,481)
Business	37,248			(37,248)
Operation and Maintenance of Plant	1,127,744		32,576	(1,095,168)
Pupil Transportation	633,891		394,349	(239,542)
Central	66,611			(66,611)
Operation of Non-Instructional Services	409,373	179,072	202,525	(27,776)
Extracurricular Activities	430,716	125,169		(305,547)
Debt Service:				
Principal	142,550			(142,550)
Interest and Fiscal Charges	317,822			(317,822)
<b>Totals</b>	<u>\$ 11,284,849</u>	<u>\$ 860,992</u>	<u>\$ 1,766,746</u>	<u>(8,657,111)</u>

**General Receipts:**

Taxes:	
Property Taxes, Levied for General Purposes	2,336,325
Property Taxes, Levied for Debt Service	325,828
Property Taxes, Levied for Other	36,859
Income Taxes	1,379,991
Grants and Entitlements not Restricted to Specific Programs	5,166,742
Gifts and Donations	100
Investment Earnings	7,795
Miscellaneous	80,776
Refund of Prior Year Expenditures	2,062
<b>Total General Receipts</b>	<u>9,336,478</u>
Change in Net Position	679,367
Net Position Beginning of Year	1,752,468
Net Position End of Year	<u>\$ 2,431,835</u>

See Accompanying Notes to the Basic Financial Statements

RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY

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

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Classroom Facilities &amp; Maintenance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ <u>1,410,750</u>	\$ <u>555,157</u>	\$ <u>244,227</u>	\$ <u>221,701</u>	\$ <u>2,431,835</u>
<b>Fund Balances</b>					
Restricted		555,157	244,227	221,701	1,021,085
Assigned	261,144				261,144
Unassigned	1,149,606				1,149,606
Total Fund Balances	\$ <u>1,410,750</u>	\$ <u>555,157</u>	\$ <u>244,227</u>	\$ <u>221,701</u>	\$ <u>2,431,835</u>

See Accompanying Notes to the Basic Financial Statements

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Classroom Facilities &amp; Maintenance Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>					
Property and Other Local Taxes	\$ 2,307,971	\$ 354,182	\$ 36,859		\$ 2,699,012
Income Tax	1,379,991				1,379,991
Intergovernmental	6,267,219	50,878	39,122	576,269	6,933,488
Interest	7,317			478	7,795
Tuition and Fees	544,226				544,226
Rent	12,525				12,525
Extracurricular Activities	36,286			88,883	125,169
Gifts and Donations	100				100
Customer Sales and Services				179,072	179,072
Miscellaneous	80,776				80,776
Total Receipts	<u>10,636,411</u>	<u>405,060</u>	<u>75,981</u>	<u>844,702</u>	<u>11,962,154</u>
<b>Disbursements:</b>					
Current:					
Instruction:					
Regular	5,220,330			23,215	5,243,545
Special	834,770			317,574	1,152,344
Vocational	186,352				186,352
Student Intervention Services	11,786				11,786
Support Services:					
Pupils	233,778				233,778
Instructional Staff	282,378			36,272	318,650
Board of Education	68,745				68,745
Administration	611,198			15	611,213
Fiscal	283,618	7,958	905		292,481
Business	37,248				37,248
Operation and Maintenance of Plant	1,080,919		46,825		1,127,744
Pupil Transportation	633,891				633,891
Central	66,611				66,611
Operation of Non-Instructional Services	6,470			402,903	409,373
Extracurricular Activities	321,525			109,191	430,716
Debt Service:					
Principal		142,550			142,550
Interest		317,822			317,822
Total Disbursements	<u>9,879,619</u>	<u>468,330</u>	<u>47,730</u>	<u>889,170</u>	<u>11,284,849</u>
Excess of Receipts Over (Under) Disbursements	<u>756,792</u>	<u>(63,270)</u>	<u>28,251</u>	<u>(44,468)</u>	<u>677,305</u>
<b>Other Financing Sources and (Uses):</b>					
Transfers In				5,000	5,000
Advances In				10,485	10,485
Refund of Prior Year Expenditures				2,062	2,062
Transfers Out	(5,000)				(5,000)
Advances Out	(10,485)				(10,485)
Total Other Financing Sources and (Uses)	<u>(15,485)</u>			<u>17,547</u>	<u>2,062</u>
Net Change in Fund Balances	741,307	(63,270)	28,251	(26,921)	679,367
Fund Balances at Beginning of Year	669,443	618,427	215,976	248,622	1,752,468
Fund Balances at End of Year	<u>\$ 1,410,750</u>	<u>\$ 555,157</u>	<u>\$ 244,227</u>	<u>\$ 221,701</u>	<u>\$ 2,431,835</u>

See Accompanying Notes to the Basic Financial Statements

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Receipts:</b>				
Property and Other Local Taxes	\$ 2,070,662	\$ 2,336,325	\$ 2,307,971	\$ (28,354)
Income Tax	1,200,607	1,379,991	1,379,991	
Intergovernmental	6,010,335	6,259,709	6,267,219	7,510
Interest	4,500	7,390	7,317	(73)
Tuition and Fees	458,845	509,190	544,226	35,036
Rent	36,100	12,525	12,525	
Miscellaneous	75,000	48,733	117,162	68,429
<b>Total Receipts</b>	<b>9,856,049</b>	<b>10,553,863</b>	<b>10,636,411</b>	<b>82,548</b>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	5,073,257	5,383,451	5,247,866	135,585
Special	1,021,660	925,438	862,049	63,389
Vocational	141,217	228,220	186,819	41,401
Student Intervention Services	8,975	23,318	11,786	11,532
<b>Support Services:</b>				
Pupils	207,364	247,620	233,903	13,717
Instructional Staff	226,207	373,800	304,205	69,595
Board of Education	56,748	85,336	68,745	16,591
Administration	593,909	644,075	612,840	31,235
Fiscal	260,450	306,033	286,903	19,130
Business	33,113	42,971	42,199	772
Operation and Maintenance of Plant	1,045,295	1,273,708	1,135,727	137,981
Pupil Transportation	729,165	824,797	723,280	101,517
Central	59,679	71,835	66,611	5,224
Operation of Non-Instructional Services	4,940	4,940	10,470	(5,530)
Extracurricular Activities	233,070	309,454	324,170	(14,716)
<b>Total Disbursements</b>	<b>9,695,049</b>	<b>10,744,996</b>	<b>10,117,573</b>	<b>627,423</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>161,000</b>	<b>(191,133)</b>	<b>518,838</b>	<b>709,971</b>
<b>Other Financing Uses:</b>				
Transfers Out	(28,354)	(63,354)	(5,000)	58,354
Advances Out	(28,354)	(9,246)	(10,485)	(1,239)
<b>Total Other Financing Uses</b>	<b>(28,354)</b>	<b>(72,600)</b>	<b>(15,485)</b>	<b>57,115</b>
<b>Net Change in Fund Balance</b>	<b>132,646</b>	<b>(263,733)</b>	<b>503,353</b>	<b>767,086</b>
Fund Balance at Beginning of Year	544,114	544,114	544,114	
Prior Year Encumbrances Appropriated	131,180	131,180	131,180	
<b>Fund Balance at End of Year</b>	<b>\$ 807,940</b>	<b>\$ 411,561</b>	<b>\$ 1,178,647</b>	<b>\$ 767,086</b>

See Accompanying Notes to the Basic Financial Statements

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Receipts:</b>				
Property and Other Local Taxes	\$ 37,650	\$ 36,859	\$ 36,859	
Intergovernmental	39,216	39,122	39,122	
Total Receipts	76,866	75,981	75,981	
<b>Disbursements:</b>				
Current:				
Support Services:				
Fiscal	1,100	1,100	905	\$ 195
Operation and Maintenance of Plant	234,165	207,677	56,825	150,852
Total Disbursements	235,265	208,777	57,730	151,047
Net Change in Fund Balance	(158,399)	(132,796)	18,251	151,047
Fund Balance at Beginning of Year	165,374	165,374	165,374	
Prior Year Encumbrances Appropriated	50,602	50,602	50,602	
Fund Balance at End of Year	\$ 57,577	\$ 83,180	\$ 234,227	\$ 151,047

See Accompanying Notes to the Basic Financial Statements

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

	<u>Private Purpose Trust</u>	<u>Agency Fund</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ <u>20,007</u>	\$ <u>83,309</u>
<b>Liabilities:</b>		
Undistributed Assets		2,373
Held for Student Activities		<u>80,936</u>
Total Liabilities		\$ <u>83,309</u>
<b>Net Position:</b>		
Held in Trust for Scholarships	\$ <u>20,007</u>	

See Accompanying Notes to the Basic Financial Statements

RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Private Purpose Trust</u>
<b>Additions:</b>	
Interest	\$ <u>507</u>
<b>Deductions:</b>	
Payments in Accordance with Trust Agreements	<u>500</u>
Change in Net Position	7
Net Position Beginning of Year	<u>20,000</u>
Net Position End of Year	\$ <u><u>20,007</u></u>

See Accompanying Notes to the Basic Financial Statements

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

**1. DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY:**

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

The Board oversees the operations of one instructional/support facility staffed by forty-two non-certified and seventy-six certified full-time teaching personnel who provide services to 1,009 students and other community members.

**The Reporting Entity**

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

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

The 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 Career and Technology Center; the Sheakley Uniservice, Inc., Hardin 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 basic financial statements

**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**

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

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

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

**C. 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**

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

**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.

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 committed, or assigned to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The 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.

**D. Budgetary Process**

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

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

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

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. 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 2014, interest revenue credited to the General Fund was \$7,317 and \$659 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.

**F. Restricted Assets**

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

**G. Capital Assets**

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

**H. 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 cash basis of accounting used by the District.

**I. Long-Term Obligations**

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

**J. Interfund Transactions**

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. 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.

**L. Net Position**

Net position is reported as restricted when there are limitations imposed on its use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for food service operations, music and athletic programs, and federal and state grants.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**M. 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 are 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.

**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.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

**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 position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**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 and the classroom facilities 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 General Fund encumbrances outstanding at year end (budgetary basis) amounted to \$237,954.

**5. DEPOSITS**

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

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

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

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

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

**5. DEPOSITS (Continued)**

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the agreement by at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. 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
9. Under certain circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

**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.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

**5. DEPOSITS (Continued)**

At fiscal year end, the carrying amount of the District's deposits was \$2,535,151 and the bank balance was \$2,618,450. Of the bank balance, \$270,000 was covered by federal depository insurance and \$2,348,450 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.

**6. PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property in the District. Real property tax revenue received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The District receives property taxes from Hancock, Wyandot, and Hardin Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	<b>2013 Second- Half Collections</b>		<b>2014 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$107,985,520	97%	\$137,918,470	97%
Public Utility	3,865,720	3%	4,085,780	3%
Total Assessed Value	\$111,851,240	100%	\$142,004,250	100%

**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 and in November 2011 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.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

**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 2014, the District contracted for the following insurance coverages:

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

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and Contents-replacement cost	\$2,500	\$48,794,635
Inland Marine:		
Computer Equipment	500	1,021,507
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		2,000,000
Aggregate		2,000,000
Educators Legal Liability		
Each Wrongful Act		1,000,000
Aggregate		2,000,000

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

**Sheakley Uniservice, Inc.**

For fiscal year 2014, the District participated in the Sheakley Workers' Compensation Group Rating Program, an insurance purchasing pool. The program is intended to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the program.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

**9. DEFINED PENSION BENEFIT PLANS**

**A. 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 system. 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 can be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on 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 DCP 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 fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, 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 DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP 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 DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Ohio Board upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased 1 percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The District's required contribution to STRS Ohio for the DBP were \$513,850 for the fiscal year ended June 30, 2014, \$577,567 for the fiscal year ended June 30, 2013, and \$605,918 for the fiscal year ended June 30, 2012. For fiscal year 2014, 86 percent has been contributed for both the DBP and CP. The full amount has been contributed for fiscal years 2013 and 2012.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

**9. DEFINED PENSION BENEFIT PLANS (Continued)**

**B. School Employees Retirement System**

Plan Description - The District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under employers/audit resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirement of plan members and employers is 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. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the system's funds (pension trust fund, death benefit fund, Medicare B fund, and health care fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.1 percent. The remaining .9 percent of the 14 percent employer contribution rate was allocated to the Medicare B and health care funds. The District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 was \$187,206, \$199,064, and \$192,644, respectively. For fiscal year 2014, 52 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2014, two of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**10. POSTEMPLOYMENT BENEFITS**

**A. State Teachers Retirement System**

Plan Description - The District participates in a cost-sharing multiple-employer defined benefit Health Care 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. Ohio law authorizes STRS Ohio to offer the Plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which can be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

Funding Policy - Chapter 3307 of the Ohio Revised Code 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to postemployment health care. The District's contribution for health care for the fiscal years ended June 30, 2014, 2013, and 2012 was \$39,527, \$43,280, and \$41,255, respectively. For fiscal year 2014, 86 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

**10 POSTEMPLOYMENT BENEFITS (Continued)**

**B. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System (SERS) for classified 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 obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under employers/audit resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, .14 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 fiscal year 2014, this amount was \$20,525.

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 contribution for health care for the fiscal years ended June 30, 2014, 2013, and 2012 was \$2,001, \$2,275, and \$19,677, respectively. For fiscal year 2014, 52 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2014, this actuarially required allocation was .76 percent of covered payroll. The District's contribution for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 was \$10,861, \$10,528, and \$10,458, respectively. For fiscal year 2014, 52 percent has been contributed. The full amount has been contributed for fiscal years 2013 and 2012.

**11. COMPENSATED ABSENCES**

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

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

**12. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2014, the following changes occurred in obligations:

	<u>Balance at 6/30/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/2014</u>	<u>Amounts Due in One Year</u>
Series 2011 Refunding Bonds					
Current Interest Bonds	\$3,105,000			\$3,105,000	
Capital Appreciation Bonds	199,999		\$25,014	174,985	\$125,671
2001 Capital Appreciation Bonds	89,768		89,768		
School Bus Commercial Loan	27,768		27,768		
	<u>\$3,422,535</u>		<u>\$142,550</u>	<u>\$3,279,985</u>	<u>\$125,671</u>

**General Obligation Bonds** - On June 1, 2002, the 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 consisted of \$2,325,000 in current interest serial bonds, \$3,440,000 in current interest term bonds, and \$187,998 in capital appreciation bonds. The capital appreciation bonds will mature in 2012 and 2013. The bonds will be retired from the Bond Retirement Debt Service Fund.

The capital appreciation bonds, issued at \$187,998, are not subject to prior redemption. The maturity amount of the capital appreciation bonds is \$550,000

On March 23, 2011, the District issued refunding bonds to retire building bonds issued in 2001 with the exception of the capital appreciation bonds. The refunding bonds consisted of \$3,240,000 in current interest bonds and \$199,999 in capital appreciation bonds. The interest bonds were issued for a thirteen year period with a final maturity in December 2022. The capital appreciation bonds will mature in 2013, 2014, and 2015. The bonds will be retired from the Bond Retirement Debt Service Fund.

The capital appreciation bonds, issued at \$199,999, are not subject to prior redemption. The maturity amount of the capital appreciation bonds is \$540,000.

**School Bus Commercial Loan** – On June 8, 2011, the 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 3.5 percent. The loan will be retired from the Bond Retirement Debt Service Fund.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2014, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$125,671	\$306,375	\$432,046
2016	214,314	220,670	434,984
2017	330,000	98,384	428,384
2018	340,000	88,746	428,746
2019	350,000	77,959	427,959
2020-2024	1,920,000	190,604	2,110,604
Total	<u>\$3,279,985</u>	<u>\$982,738</u>	<u>\$4,262,723</u>

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

**13. SET-ASIDE CALCULATION**

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 fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years. The following cash basis information describes the set aside activity for capital improvements during fiscal year 2014.

	<b>Capital Improvements</b>
Balance June 30, 2013	
Current Year Set-aside Requirement	\$164,528
Current Year Offsets	(164,528)
Set-aside Balance June 30, 2014	_____

**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, Hardin, Logan, and Shelby Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. WOCO is governed by a board of directors consisting of the superintendents from eleven of the member school districts and the degree of control is limited to the representation on the board. Financial information can be obtained from Marcia Wierwille, who serves as the Fiscal Officer, at 129 East Court Street, 4<sup>th</sup> Floor, Sidney, Ohio 45365.

**Millstream Career and Technology Center** - The Millstream Career and Technology 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, Mike Barnhart, who serves as Treasurer, at 1100 Broad Avenue, Findlay, Ohio 45840-3377.

**15. GROUP PURCHASING POOLS**

**Sheakley Uniservice, Inc.** - The District is a member of the Sheakley Workers' Compensation Group Rating Program. The group-rating plan allows school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers. Each year, the District pays an enrollment fee to cover the costs of administering the program.

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

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

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

**15. GROUP PURCHASING POOLS (Continued)**

Each school district decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Rick Combs, who services as Director, at P.O. Box 98, Dola, Ohio 45835.

**16. RELATED ORGANIZATIONS**

**Forest-Jackson Public Library** - The Forest-Jackson Public Library (the 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's 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, Diana Humphrey, Fiscal Officer, at 102 West Lima Street, Forest, Ohio 45843.

**17. INTERFUND TRANSACTIONS**

During fiscal year 2014, the General Fund made a transfer in the amount of \$5,000 to subsidize the Athletic Fund.

During fiscal year 2014, the General Fund made cash advances to Non-major Governmental Funds in the amount of \$10,485.

**18. CONTINGENCIES**

**A. Litigation**

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

**B. Federal and State Grants**

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

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2014, if applicable, cannot be determined at this time.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

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

**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>Classroom Facilities &amp; Maintenance</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Restricted for:					
Regular Instruction				\$31,811	\$31,811
Special Instruction				15,680	15,680
Athletics				9,023	9,023
Food Service Operations				165,045	165,045
Facilities Maintenance			\$244,227		244,227
Debt Retirement		\$555,157			555,157
Permanent Improvement				142	142
<b>Total Restricted</b>		<b>555,157</b>	<b>244,227</b>	<b>221,701</b>	<b>1,021,085</b>
Assigned for:					
Educational Activities	\$31,906				31,906
Unpaid Obligations (encumbrances)	229,238				229,238
<b>Total Assigned</b>	<b>261,144</b>				<b>261,144</b>
Unassigned	1,149,606				1,149,606
<b>Total Fund Balance</b>	<b>\$1,410,750</b>	<b>\$555,157</b>	<b>\$244,227</b>	<b>\$221,701</b>	<b>\$2,431,835</b>

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program	10.553	\$22,866	\$22,866
National School Lunch Program	10.555		
Cash Assistance		175,614	175,614
Non-Cash Assistance (Commodities)		30,640	30,640
Total National School Lunch Program		<u>206,254</u>	<u>206,254</u>
<b>Total United States Department of Agriculture</b>		<b><u>229,120</u></b>	<b><u>229,120</u></b>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
Title I Grants to Local Educational Agencies	84.010	121,220	132,668
<u>Special Education Cluster:</u>			
Special Education - Grants to States	84.027	183,241	183,241
Special Education - Preschool Grants	84.173	1,680	1,680
Total Special Education Cluster:		<u>184,921</u>	<u>184,921</u>
Improving Teacher Quality State Grants	84.367	34,130	29,072
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	<u>26,273</u>	<u>23,215</u>
Total United States Department of Education		<b><u>366,544</u></b>	<b><u>369,876</u></b>
<b>Total Federal Awards Receipts and Expenditures</b>		<b><u>\$595,664</u></b>	<b><u>598,996</u></b>

The accompanying notes are an integral part of this Schedule.

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports Riverdale Local School District (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the program that benefitted from the use of those donated food commodities.



# Dave Yost • Auditor of State

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

Riverdale Local School District  
Hancock County  
20613 State Route 37  
Mount Blanchard, Ohio 45867

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Riverdale Local School District, Hancock County, Ohio (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 27, 2015, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-002 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 27, 2015



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Riverdale Local School District  
Hancock County  
20613 State Route 37  
Mount Blanchard, Ohio 45867

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited Riverdale Local School District, Hancock County, Ohio's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal programs for the year ended June 30, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

### ***Management's Responsibility***

The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Riverdale Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

February 27, 2015

**RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2014**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I Grants to Local Educational Agencies CFDA #84.010  <u>Special Education Cluster:</u> Special Education – Grants to States CFDA #84.027 Special Education – Preschool Grants CFDA #84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2014-001**

**Noncompliance Citation**

**Ohio Rev. Code § 117.38** provides 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. Public Offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the fiscal year.

**Ohio Admin. Code § 117-2-03 (B)**, which further clarifies the requirements of **Ohio Rev. Code § 117.38**, requires the District to file annual financial reports which are prepared using generally accepted accounting principles in the United States of America.

The District prepares its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District prepare its statements in accordance with generally accepted accounting principles in the United States of America.

**FINDING NUMBER 2014-002**

**Material Weakness – Financial Reporting**

The District's management is responsible for the fair presentation of the financial statements. Material errors were noted in the financial statements which required audit adjustments. The accompanying financial statements have been adjusted to correct these errors:

- Bond Retirement Fund tax revenues were posted to the General Fund and then transferred to the Bond Retirement Fund instead of being posted there directly in the amount of \$28,354. The County Auditor showed this as a transfer on the tax settlement sheets to the Bond Retirement Fund, so the Treasurer's office posted it the same way.
- Regular instruction was posted as other instruction in the General Fund in the amount of \$709,170. This amount was moved on the Budget vs Actual statements as well.
- Revenues and expenditures were reclassified on the Budget vs Actual statements to agree with how the revenues and expenditures were posted on the Statement of Receipts and Disbursements.
- County Auditor fees in the Bond Retirement Fund were posted as principal instead of fiscal support services in the amount of \$7,958.
- Debt interest payment was posted as principal instead of interest in the Bond Retirement Fund in the amount of \$210,218. Although the invoices showed this as principal, it did not follow the amortization schedule.
- Debt principal and interest were posted as pupil transportation in the Bond Retirement Fund in the amount of \$27,768 and \$558, respectively.

**FINDING NUMBER 2014-002 (Continued)**

**Material Weakness – Financial Reporting (Continued)**

- Operation and maintenance budgeted expenditures on the Budget vs Actual statement in the Classroom Facility and Maintenance Fund had prior year encumbrances included twice in the amount of \$50,603.
- The Permanent Improvement Fund was posted as “Assigned” on the Statement of Assets and Fund Balances, but posted as “Restricted” on the Statement of Net Position in the amount of \$142.
- Student activities balances were posted as undistributed monies in the Agency Fund in the amount of \$80,936 instead of held for student activities.
- Restricted grant amounts were posted as general receipts instead of program receipts in the amounts \$34,130 to \$953,227.

To ensure the District's financial statements and notes to the statements are complete and accurate, we recommend the Board adopt policies and procedures, including a final review of the annual report by the audit committee to identify and correct errors and omissions.

**Officials' Response:**

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

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

**None**

RIVERDALE LOCAL SCHOOL DISTRICT  
HANCOCK COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)

JUNE 30, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2013-001	Ohio Rev. Code 117.38 and Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	No	Not corrected. Repeated in this report as finding 2014-001.



# 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  
MARCH 17, 2015**